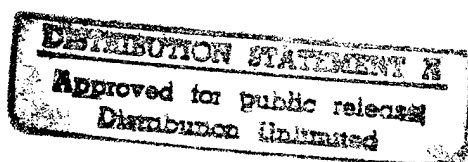


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10 January 1983

WEST EUROPE REPORT

No. 2085

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GRO HARLEM BRUNDTLAND COMMENTS ON LABOR PARTY MISSILE STAND

Oslo AFTENPOSTEN in Norwegian 11 Dec 82 p 3

[Interview with Labor Party chairman Gro Harlem Brundtland by Terje Svabo]

[Text] "The government must be more open when it comes to listening to signals from the Labor Party and the middle parties. 'Arrogant' is a term I would use with restraint of the government's attitude toward Storting on security policy issues. But it is descriptive of the effort made by Defense Minister Anders C. Sjaastad, both before and during the defense debate."

These statements were made by Labor Party chairman and parliamentary leader Gro Harlem Brundtland in an exclusive interview with AFTENPOSTEN. The opposition leader also expressed these views, among others:

The Labor Party did not at any time interpret the dual resolution as an automatic thing when it comes to deploying new nuclear weapons.

She rejects the charge that the Labor Party has shifted its view of the dual resolution.

French and British weapons must be included in overall arms reduction negotiations.

Defense Minister Anders C. Sjaastad behaved arrogantly before and during the defense debate.

The government demonstrates insufficient determination when it comes to shaping a foreign policy line that could have a unifying effect.

The government should be more open, listening to both the Labor Party and the middle parties.

Support for the views of the Labor Party will increase among the middle parties.

The idea that the Social Democratic movements in Europe should muzzle themselves is an impossible one.

She does not believe that the Soviet Union would dare to count on a breakdown of Western determination to work together and defend ourselves if necessary.

In coming months the Labor Party will discuss the dual NATO resolution in a number of forums. Central to these discussions will be the annual meeting of the county party organizations, the national committee meeting at the beginning of February and in particular the national party congress in the spring. Against the background of the debate in the fall and the upcoming meetings, AFTENPOSTEN put the following question to Labor Party chairman and parliamentary leader Gro Harlem Brundtland:

[Question] Will the Labor Party stick up for both the negotiation part and the deployment part of the dual resolution?

[Answer] The Labor Party is stressing the two equally important aspects of the dual resolution. We still feel that the question of possible deployment must be evaluated in the fall of 1983 in light of the results of the negotiations.

We have never at any time, including the fall of 1979, interpreted the resolution as a platform for an automatic deployment, as the Conservatives and the government have tried to interpret it with increasing emphasis in recent weeks.

[Question] Is the security policy debate in the Labor Party the expression of a guided process or does it represent a concession to the peace movement and the left wing of the party?

[Answer] The question involves assumptions I do not accept. Words like "concession" have no place in a debate that involves finding the best political follow-up for achieving results in the important arms reduction negotiations that are now taking place in Europe.

The debate the party is planning will be thorough and well-prepared and it will provide a basis for a broad evaluation as well as room for initiative. The aim is to achieve the mutual goal of avoiding the deployment of new medium-range missiles and making a break with the nuclear arms race.

[Question] Will it be possible for the Labor Party congress in the spring to avoid taking a stand on the deployment of new nuclear weapons?

[Answer] The congress will be given a carefully and thoroughly prepared policy basis for the most unifying political platform possible in the work for arms reduction. As I said, the goal is to avoid new deployment and a new twist in the arms build-up spiral.

[Question] Would you reject the charge that the Labor Party has changed its stand on the dual resolution after the party went into the opposition?

[Answer] Yes, as I have explained before.

[Question] Are the Social Democratic parties in Europe cooperating in a systematic way to plan an alternative security policy to the one pursued by the Conservative governments of those countries?

[Answer] We are cooperating on central and vital political issues, now as before, and regardless of whether we are in a government position or in the opposition. For example, there was very close cooperation with the West German Social Democratic Party in 1979. This was also true later on and of course today as well, even though the Social Democrats are no longer in charge there.

But let me emphasize the point that the viewpoints we arrive at will not be kept a "secret" from our own governments. My own contribution to the foreign policy debate and a resolution on 7 December by the West German Social Democratic Party that was quite similar are clear examples of that.

We feel that French and British weapons must be included in the overall balance picture and that closer coordination is needed of START and INF negotiations.

[Question] On the basis of guidelines for the Labor Party Storting group, is there any reason to criticize the party's seven defectors in the foreign policy debate?

[Answer] A discussion of questions of this kind must be held internally by the Labor Party Storting group.

[Question] Does it worry you that the Labor Party might find its support on security policy coming from those to the left of the party?

[Answer] The Labor Party is a strong and independent focal center in itself. I think developments will confirm that support for our political views will increase in the future. This is especially true of support deep within the middle-spectrum parties, a trend we already see clear signs of.

[Question] Is it accurate to say that you think the government behaved arrogantly toward Storting with regard to security policy issues in the fall?

[Answer] "Arrogant" is a word I would use with restraint. But I do feel it correctly describes some elements in the events last fall. Including some of the actions of Defense Minister Anders C. Sjaastad both before and during the defense debate. My general impression is that the government showed insufficient ability and determination to shape a political line and tone that would have had a more unifying effect on foreign and security policy. This description covers the entire period since the change in government, not just the events last fall.

[Question] Both Prime Minister Kare Willoch and Foreign Minister Sverre Strøm called for a unification on security policy during the foreign policy debate. What premises do you consider necessary for such unification to take place?

[Answer] I think it is possible if the government analyzes its situation and is fully aware that it is totally dependent on a broader base in the Norwegian Storting. The positions and viewpoints that can unify a broader majority there should also guide a minority government based on the Conservative third of Storting.

The government can be more receptive to signals, including those coming from its two support parties and from the biggest party in the country.

[Question] Talks are now going on in Geneva about a reduction in the number of nuclear weapons. Can the freeze proposal be combined with the dual resolution?

[Answer] Let me repeat here what I said in my speech during the foreign policy debate:

"It is important to stress that the current talks in Geneva on medium-range weapons are not aimed at nondeployment and that a 'freeze' agreement must therefore be a negotiated settlement that includes a de-escalation in the East and nondeployment in the West."

[Question] Reiulf Steen said in the foreign policy debate that today's "diplomacy of threats" must be replaced by a "diplomacy of positive offers." Do you agree with that and if so, to what extent will you pursue such a line in the further debate on the dual resolution?

[Answer] Let me again repeat another main point from my own speech: "The driving force behind the arms race cannot be halted unless all countries eventually realize how impossible it is to count on superiority. That is the kind of challenge East and West can now accept. Our responsibility is to assist in making sure this can happen."

[Question] Do you agree that the West's most important negotiating card is to negotiate on the basis of strength?

[Answer] The West is strong. The Soviet Union knows that. And I doubt they would dare to assume that the determination to defend ourselves if necessary and our desire to cooperate in the West will break down, even though in democratic countries there is an ongoing debate about how this can best be accomplished.

[Question] Can the Social Democratic solo moves in Europe weaken the strength of the West, which would mean that these parties are assuming a great responsibility?

[Answer] Our responsibility as political parties is to contribute to wise and farsighted analyses and assessments. The contribution is to a political process that we believe will be the best path to our express common goal--real arms reduction. It is impossible to imagine that the Social Democratic movements in Western Europe would muzzle themselves and abstain from debate and political influence aimed at finding the way to political solutions.

[Question] Is it true that the Labor Party has moved at record speed toward the views of the group No to Nuclear Arms?

[Answer] The Labor Party itself has an ambitious program when it comes to disarmament. We support the prevention of deploying new nuclear weapons through negotiations, if possible. But we must also eventually ban new deployments of nuclear weapons. Then we must have de-escalation in line with the intent of the dual resolution and a form of arms freeze to prevent new arms races outside of the agreements, stated Gro Harlem Brundtland.

6578

CSO: 3639/39

QUESTIONS, MISSTATEMENTS, FACTS ON TERRORIST FILE EXAMINED

Paris LE MONDE in French 17 Nov 82 pp 1, 12

[Article by Edwy Plenel: "Antiterrorist File Contains 25,000 Names"]

[Text] The antiterrorist file, whose establishment was announced by Mitterrand on 17 August, is in the process of being set up. It reportedly now contains 25,000 names, most of them foreign, in connection with circumstances dating back over the past 5 years. The file, whose central location is in the General Intelligence Office [GIO] may gradually reach the maximum capacity of 60,000 names. It will be linked to some 50 terminals in police installations.

Joseph Franceschi, secretary of state for public security, is to speak on this subject on Tuesday to the National Commission on Computers and Rights (NCCR). He will be accompanied by Paul Roux, central director of the GIO.

Foreigners and "Suspects"

The NCCR members hope that the presentation by Franceschi and Roux will clarify a development that from the start has not been very clear. When the president of the republic announced in his televised speech on 17 August that among the measures taken following the Rue des Rosiers attack was establishment of a "computerized central file on terrorism to include all information of an international nature," the NCCR members were even more surprised in that they had not received any notification or request for their opinion, as required by the 1978 law on computers and rights. Yet, as Mitterrand added, the file had been established on 24 May... Since then the error has been corrected, the NCCR advised, and an explanation delivered by Franceschi on 24 October on the Europe I "Press Club" program: This file will consist of "about 60,000 names," announced the secretary of state for public security. This isolated piece of information added to the confusion. The scope was impressive and caused concern because it could not be a matter of 60,000 "known" terrorists. To put it bluntly, Franceschi's estimate raised the very delicate issue of suspects: inclusion in the file of people who "might have some ties with" or "could become" terrorists.

Then the discussion turned to the German achievements with the BKA (Bundes-kriminalamt), [Federal Criminal Investigation Office] in this case providing both an example and a comparison. The central computers in Wiesbaden (FRG) --with the systems INPOL (1973) [expansion unknown], an integrated organization for information exchange for the entire federal police,--then PIOS (1976) [expansion unknown],--information on individuals, institutions, property and transport--provide more than 2 million identities to 2,300 terminals around the country. Here the selection of information is indiscriminating, as an NCCR group recently found out in person: A file of persons specifically suspected or wanted extended to those who might commit such acts or even those who had been witnesses.

"Dormant" File

Even if the scale is different, the French project poses the same question of method. NCCR President Jacques Thyraud, senator (Independent Republican, Loir-et-Cher), addressed this question with foresight on 7 September: The NCCR was established "to avoid computers for search. It rejects the concept of suspect," he said, adding that if there was a file of the BKA type in France, "the NCCR would no longer have any reason for being." It is true, nevertheless, that the issue raised begs the question to the extent, strictly in regard to police effectiveness, that the planned file is indeed oriented to cross-checking, relating and verifying, which would imply that it would not be limited to listed terrorists as such.

Inevitably Back to the Issue of "Suspects"

The best thing to do, in order to reduce the uneasiness, is undoubtedly to put the cards on the table. The prime mover in this matter, the central directorate of the GIO, appears ready to do so. Three simple questions must be clarified: How will this computerized file be set up? Who will be included in the file? Where can the file be accessed?

--How? The foundation for the structure is the GIO's computerized "political violence" file, which in May 1981 contained about 2,000 names. It was because that file was "dormant" and "underfed" that the plan developed,--in anticipation of this summer's wave of terrorism,--to expand it, a police official said. Four services will contribute: the general directorate of foreign security, under the Defense Ministry; and the central directorates of judicial police, the GIO, and the Intelligence Service. It was explained at the GIO that most of the information would be provided by the first three organizations, about one-third of the names from each, since the Intelligence Service is currently only secondarily interested in terrorism. This pooling of identities by the various services, already underway, may currently total 25,000 names. The figure of 60,000 is thus only an indicative limit, a maximum total, or, according to some police officials, the operational limit.

Fifty Terminals

--Who? The announced proportion is one-quarter Frenchmen and three-quarters foreigners in this international-purpose file. But according to what criteria? People are asking, for example at the League of Human Rights, whether it will include such people as an individual questioned after an extreme-left demonstration marked by some violent incidents, a socialist politician who has maintained relations with national liberation movements, or an "MR" (revolutionary movement) student put on the record at the beginning of the 1970's?

GIO officials affirm that "the file will be based mainly on the last 5 or 6 years." "Leftist indiscretions of youth will not go into it," they add with a smile, adding that the "MR" file that in 1970 was the basis for the "urgent list" used by the GIO (12,000 names) was destroyed around 1974. The "political proportions" for the antiterrorist file are reportedly "a solid third" on international terrorism, as much again on the extreme left, and the remainder on separatism and the extreme right.

--Where? Terminals will initially be installed in the main services of the judicial police, the GIO, and the air and border police, then extended to their outlying posts. There will be a total of 50, the Ministry of Interior explained. Officials using the terminals will have to undergo a special clearance, similar to "defense secret."

Senate Report Critical of Security Services

Rene Tomasini, senator (Rally for the Republic), presented to the press on Tuesday 16 November a report prepared in the name of the Commission for Control of State Services, which is responsible for maintaining public security. It was established on 6 May 1982 by senatorial resolution. Stating that "criminality with violence is increasing" and that "petty delinquency is committed almost with impunity," its conclusions essentially present the opposition's analyses in regard to the efforts to deal with lack of security and terrorism.

Tomasini's report concludes that "the antiterrorist locks have been broken" and it condemns "the breaking up of the decision centers for security matters; the lack of clear government policy on combatting delinquency, criminality and terrorism; and the absence of specific resources to combat terrorism."

The report also concludes that the "crisis in the police" is related to "the presence at all levels of parallel hierarchies, which have an upsetting effect." It suggests restoration of the State Security Court "for a limited period," as well as strengthening of specialized units within the national police.

9920

CSO: 3519/141

FRENCH ELECTRONICS FIRMS WORRY OVER PHILIPS-ATT PARTNERSHIP

Paris LE NOUVEL ECONOMISTE in French 4 Oct 82 pp 68-69

[Article by Anne-Marie Rocco: "Philips Turns Its Back on France"]

[Excerpts] International alliances or industrial nationalism: the French "electronics sector" plan is entirely ambiguous. The initial disappointment is that Philips seems to be turning its back on France by announcing its negotiations with ATT.

The French are holding out their hand. But Philips and its CEO [chief executive officer] Wissee Dekker, still dream of joining with the Americans. Announced the day before SICOB [Trade Industries and Office Management Exhibition], the news of an association between the Dutch giant and ATT, the world leader in telecommunications, threw a damper on and disrupted the equilibrium of the official speeches. Maybe it was because these speeches were trying to reconcile the irreconcilable: defense of a certain industrial nationalism on the one hand, and demonstration of the good aspects of international alliances on the other. It is the whole ambiguity of the doctrine underlying the "electronics sector" plan.

On one side of the coin, the troops are being mobilized by two commands: "reconquest of the market" and "technological independence." There was Jacques Stern, the new CEO of CII-Honeywell-Bull, explaining before the opening of SICOB that from now on he would give priority to developing exclusively French-designed products, as opposed to American or Franco-American products which are also included in his catalogue. There was Abel Farnoux advocating in his report to the minister of industry a meeting of the big brains in research to finally develop a truly great French computer, a symbol of national independence along the lines indicated in the plan and by General de Gaulle. And, there was Mr Hirel, director of electronic and data processing industries, saying at the opening session of the data processing convention that the French electronic components market should be entirely covered by French industry by 1986.

On the other side of the coin, they still refuse to carry this line of reasoning to its logical conclusion and close the doors of France to foreign technology and capital. Quite the contrary. "France has always welcomed foreign industries and it will continue to do so," the prime minister, Pierre Mauroy,

said in his opening address to SICOB on 23 September, even adding: "They know when they come to our country that they will benefit from the considerable efforts made by our government for businesses, and especially for those in the electronics sector."

The point is clear. France cannot realize its ambitions in electronics alone. In telecommunications and electronics for the general public particularly, it is seeking partnerships with foreign firms, and preferably European ones. But this middle road between strict nationalism and an open door is full of ambushes. Witness the announcement of the Philips-ATT negotiations: a real slap in the face for France's good will policy.

These hopes could very likely be thwarted. On 22 September, Philips and ATT officially announced the start of bilateral negotiations to form a partnership on international markets, outside the United States. The intention is to develop a unique line of electronic telephone exchanges and to pool their commercial networks. ATT is interested only in the American market for the time being. If it decides to shift to an international offensive and join with Philips--which ranks seventh in the world with an impressive trading network--this could have incalculable consequences for its competitors. Already last year, CIT-Alcatel had a run-in with the American giant. The French conglomerate wanted to join with the Irish firm, Telectron, to tackle the English market which has recently been opened to free competition, but in the meantime ATT had secretly acquired 45 percent of Telectron's capital...

Can the French still change Philips' mind? They have one important argument in the long bargaining process about to begin: their wish to find a partner for Thomson-Brandt in the field of video tape recorders. Thomson-Brandt, which is looking for a concession to manufacture its products on French soil, has the choice between Philips and two Japanese firms, Sony and JVC. Associated with the German firm Grundig, which has adopted its standard video tape recorder, the V 2000, Philips controls 20 percent of the European market but only 7 percent of the international market. The Dutch group, which is still not making a profit on the 1.5 billion francs it has invested in this new sector, could be interested in the French proposals. France, which bought 500,000 video tape recorders this year, is an important market, and especially since it is largely held by Thomson, which, thanks to its network, makes nearly 70 percent of the sales--with JVC machines imported from Japan. Better yet, an arrangement of this sort could lead to a broader alliance covering the entire consumer-oriented electronics sector, which has frequently been mentioned in the past but has never been done.

But nothing says that the Eindhoven company will be interested in an arrangement of this kind. If Philips, which just bought Westinghouse's "lighting" business, continues its interest in the American proposals, the French will have no choice but to bend or to negotiate with a Japanese firm for the manufacture of video tape recorders. And, CIT-Alcatel should turn to other possible partners, such as the German firm Siemens or the Canadian company Northern Telecom--unless the proposed Franco-French [as published] alliance in the telephone sector resurfaces. But that would be returning to the out box.

9805

CSO: 3519/55

GOVERNMENT DISPUTES ECONOMIC ADVISORS' JOBLESS RATE WARNING

Copenhagen MÅNEDS BØRSEN in Danish Dec 82 pp 15-16

[Commentary by Torben Nielsen, chief economist of Private Bank]

[Text] The economic policy pursued by the government constitutes such a departure from the policy pursued of recent years that the usual EDP models may hardly be applied.

Nonsense or facts. Minister of Finance Henning Christophersen says nonsense; indeed, he claims that the jobless rate warning made by the Independent Economic Advisory Council is downright nonsense. The economic advisers say that the jobless rate will increase by 50,000 in the course of the coming 2-3 years. The economic policy pursued by the government is not solely responsible for this, but it has contributed a good deal, the economic advisers conclude by saying.

Nonsense, says the minister of finance in reply, for the economic advisers have not even taken into account the positive effects of the drop in interest rates.

They had indeed, but the calculations are nevertheless nonsense, the minister of finance went on to say undauntedly, for the economic advisers have at least not taken into account the optimism which is spreading in the trades and industries as a result of the economic policy pursued by the government. And, here, the more or less classical discussion between the present government and the Independent Economic Advisory Council ended, for it is, of course, difficult to translate optimism into figures and thus to feed this factor in the economic game into the EDP models. This time, the economic advisers do, indeed, seem to have displayed a quite considerable lack of political perception, not because they predict that the jobless rate will increase alarmingly, but because they recommended that, as a result of the gloomy jobless rate outlook, the incomes policy ought to be followed up by a major devaluation.

First, the basis for the government's objectives of curbing costs and lowering interest rates is a fixed krone rate, and, second, it is altogether a question whether the proposals made by the economic advisers should not rather be regarded as an interesting but impracticable idea. It is doubtful

whether our EC partners will accept the means of devaluation. The Swedish devaluation was not received gently.

The devaluation proposed by the economic advisors caused the uneasiness to flare up in the foreign exchange market, but the government's repeated assurances that the krone rate is fixed soon caused the market to quiet down anew.

It now remains to be seen whether the gloomy unemployment forecast of the economic advisors will come true.

The government itself estimates that the jobless rate will increase by 5,000-8,000 in 1983 in order, subsequently, to drop appreciably in the course of the following years. The government's estimate is not based on the usual EDP models. The reason is that the Budget Department's large econometric model, the ADAM, is at present undergoing major brain surgery. Or rather, it is being adjusted.

The ability of econometric models to make predictions depends obviously on the economic parameters used in the models, and that means, in the final analysis, the political position of the person making the model. This is not to say that the ADAM model was a socialist model during the Social Democratic government, and that the new government is now changing the ADAM model into a nonsocialist model. But it lacks a couple of equations to make it usable for the nonsocialist government. The ADAM model, for example, does not take into account the effect of taxes on wage trends. The former Liberal-Conservative plan operated, among other things, with tax reliefs combined with savings within the public sector which, all things considered, would result in a tightening of the financial policy. Nevertheless, the Liberal-Conservative plan came to the result that the financial policy would have an even quite considerable positive effect on the employment situation. The lower burden of taxation would relieve the pressure of wage demands, which, in turn, would markedly improve the competitiveness abroad of Danish trades and industries. The Social Democratic government, at the time, and a large number of economists, however, highly questioned this theory, stating that history showed no instances in support of its validity.

Incidentally, it is, indeed, difficult to prove the validity of the claim. For we have not really tried to live with a declining tax burden. But, in any case, this relationship between taxes and wages has now been included in the ADAM model.

The ADAM model, moreover, does not operate with any financial sector, i.e. primarily interest rates. This shortcoming will now also be tackled.

In other words, ADAM is undergoing surgery, and the government, therefore, has not had the possibility or the desire to undertake evaluations of the government's economic policy. And, at present, such calculations are perhaps also more or less irrelevant.

In the first place, the models are based on analyses of historical relationships. But it is highly unlikely that these relationships are constant enough to be used also in periods when the external conditions change markedly.

The two oil crises are an example of the failure of EDP models when external conditions change abruptly.

The policy pursued by the government, moreover, represents such a marked departure from the economic policy pursued of late years that the validity of the ability of the EDP models to calculate the effect of the measures of intervention carried through becomes doubtful. This is, among other things, a discussion which has marked the evaluations by American economists of Ronald Reagan's economic policy for quite a long time.

And, in the second place, it is actually also a question whether it is desirable for the politico-economic discussion to focus on the exact effects of specific measures of intervention on the balance of payments, the jobless rate, etc.

They are, of course, factors which are of decisive importance in the preparation of the economic policy, but it is not desirable for the ideological debate to end up in a discussion whether the jobless rate will increase by a couple of thousand jobless more or less. It takes quite a good deal of political courage to present a program without attributing the proposed economic measures of intervention to the calculations of "objective" EDP models of their exact effects but openly admit that the effects estimated are based on a belief which, in turn, is based on an ideological attitude to the economic policy. It then remains to be hoped that the ideological message contained in the government's economic policy will create sufficient optimism within the trades and industries to belie the gloomy forecasts of the economic advisors.

7262

CSO: 3613/35

AGRICULTURAL INCOMES CRISIS SEEN EASING AS PROFITS RISE

Copenhagen MÅNEDS BØRSEN in Danish Dec 82 p 16

[Text] Gross profits increase by 26 percent--record harvest not included. However, the profits of the individual farmers have not increased correspondingly on account of the increased interest burden.

Things go better for agriculture. The profits of the agricultural sector thus increased by as much as 26 percent during the harvest year of 1981/82, as against an increase of only 8 percent the previous year. This appears from the preliminary report from the Danish Department of Statistics on developments in the gross profits at factor cost of the agricultural sector.

The gross profits at factor cost are defined as the total sales profits of the agricultural sector, including changes in stockpiles and stocks and herds among the producers plus general state subsidies less costs of raw materials and subsidiary materials as well as taxes and indirect taxes on the production, i.e. primarily property taxes. The gross profits at factor cost are thus the amount left for coverage of wage costs, including the farmers' own earnings, as well as the servicing of the capital invested in the agricultural enterprise. The value of the agricultural production amounted to approximately 42.5 billion kroner in the harvest year of 1981/82. This was an advance of approximately 17 percent over the previous year.

Nearly 75 percent of the production was animal production, i.e. primarily meat and dairy products. The total production increased by 2 percent, and prices jumped by 15 percent.

The costs of purchases of raw materials and subsidiary materials increased by 13 percent to 23.4 billion kroner. Here, prices increased by 14 percent, i.e. the farmers used not quite as many fertilizers, etc., as the previous year.

In 1981/82, the agricultural sector received approximately 800 billion kroner by way of general subsidies. That was, incidentally, approximately 10 billion kroner less than the amount which the farmers had to pay in property taxes.

The gross profits at factor cost amounted to 18.9 billion kroner, an increase of 26 percent over the previous year.

It should be noted that the gross profits at factor cost and the farmers' own profits cannot be equated. Interest costs increased sharply during the harvest year of 1981/82, as a result of which the profits of the farmers became much less impressive than suggested by the increase in the gross profits at factor cost. However, the report of the Department of Statistics shows, on the other hand, that the terms of trade of agriculture improved. The selling prices increased a little more than the prices of raw materials and subsidiary materials, a trend which there is reason to believe will continue in the present harvest year.

The harvest year runs from the beginning of August till the end of July. That is to say that the record harvest of this year is not included in the statistics, and the considerable general increases in food prices last spring combined with the devaluation of the green krone has only had a marginal effect on the figures of the harvest year 1981/82.

In addition, there is much to indicate that the prices of raw materials for the agricultural sector will only increase moderately this year. Consequently, there is every reason to expect an even noticeable increase in the earnings of the agricultural sector during the present harvest year.

The improved price relations of agriculture have apparently already at this point caused a small degree of optimism within the hard pressed agricultural sector. In any circumstances, barn construction starts increased by 15 percent during the second quarter compared with the second quarter of 1981. On the other hand, other construction activities within the trades and industries declined. The agricultural sector accounted for as much as 60 percent of all construction within the trades and industries.

When agriculture obtains a major advantage, the building trade gets a minor one.

7262

CSO: 3613/35

INDUSTRIAL PROFITS RISE TEN PERCENT IN YEAR

Copenhagen MÅNEDS BØRSEN in Danish Dec 82 p 22

[Text] Within the investment goods industry, profits increased by 19 percent in current prices.

Foreign Trade

Imports (September) 12,220 billion kroner (+15.5 percent), exports 11,580 billion kroner (+14.5 percent), trade balance deficit 640 billion kroner (+35 percent). Terms of trade (2nd quarter of 1982) 88 (+ 1 percentage point).

Labor Market

Employment within the industrial sector (August), workers 251,000 (-1.7 percent), salaried employees 104,000 (+0.2 percent). Average number of unemployed on full-time basis (August) 235,700 (+8.8 percent). Unemployment rate 9.0 (+0.8 percentage point). Jobless rate adjusted for normal seasonal fluctuations 9.5 (+0.6 percentage point). New job openings reported to employment exchanges (September) 10,623 (-). Number of unfilled jobs at end of month 210 (-29.2 percent).

Money and Capital Markets

Deposits in banks (August) 116,627 billion kroner (+11.6 percent), lending by banks 91,925 billion kroner (+11.5 percent), deposits in major savings associations 56,849 billion kroner (+9.2 percent), lending by major savings associations 43,857 billion kroner (+10.9 percent). Increase in bonds (August) 8,779 billion kroner (+37.0 percent), of which government bonds 5,330 billion kroner (+32.1 percent). Registration of purchase-money mortgages (August) 386 billion kroner (-46.5 percent). Volume of money M₂ (August) 170,198 billion kroner (+7.3 percent).

Housing Construction

Building permits issued (August) 1,002 (-41.5 percent), number of apartments started 1,506 (-15.5 percent), completed 1,802 (+25.7 percent), under construction at end of month 17,884 (-21.5 percent).

Prices and Wages

Consumer price index (September) 206.3 (+10.2 percent), monthly price index (September) 127.6 (+9.8 percent), wage regulator index (July) 125.4 (+10.0 percent). Wholesale price index (September) 205 (+10.2 percent), raw materials price index (September) 286 (+10.4 percent). Building costs index single-family homes (July) 398 (+12.7 percent). Average hourly earnings of industrial workers, index (August) 200.8 (+10.8 percent), salaried employees' monthly salary index 189.1 (+12.2 percent).

Industrial and Commercial Investments

Commenced 1,000 square meters of industrial and commercial building construction (2nd quarter of 1982) 705 (+1.1 percent), completed 571 (-25.9 percent), under construction 3,228 (-12.2 percent). Import of machinery and other capital equipment (August) 820 billion kroner (+25.5 percent). Registration of commercial vehicles and trucks (June) 1,510 (+0.1 percent).

Bank Rate: 11.0 percent (November).

Consumption

Retail sales index (August) 98 (-), foodstuffs and stimulants 100 (-2 percent), clothing 101 (+3 percent), durable consumer goods 97 (+2.2 percent). Registration of new passenger vehicles (June) 5,703 (-16.4 percent). Denmark's tourist travel allowance costs (January-May) 3,544 billion kroner (+20.9 percent).

Industrial Turnover (Exclusive of Shipyards)

The industrial sector's turnover of own goods and services was in August 10 percent higher than in August of 1981. The increase in turnover in the domestic market and export markets was 10 percent and 11 percent, respectively. Measured in terms of fixed prices, the turnover was the same as the previous year. The volume of new orders received from the domestic market and the export markets increased by 12 percent and 5 percent, respectively. At the end of the month, the volume of orders on hand was 5 percent higher than at the end of August of 1981.

The turnover within the investment goods industry increased by 19 percent in current prices, the semi-manufactures industry had an advance of 10 percent, and the consumer goods industry sold 8 percent more.

Rate of Inflation: 9.9 percent (August).

7262

CSO: 3613/35

GOVERNMENT FORECASTS UNEMPLOYMENT TO RISE BY 25,000 IN 1983

Copenhagen BERLINGSKE TIDENDE in Danish 9 Dec 82 p 1

[Article by Lisbeth Knudsen]

[Text] The unemployment rate will, in 1983, increase from the present 260,000 unemployed to approximately 285,000. Despite the government's great efforts to improve the economy, the deficit on the balance of payments will, nevertheless, amount to 17 billion kroner. Without intervention, it would be a question of 20 billion kroner in 1983. The budgetary deficit will be cut by 10 billion kroner from 80 to 70 billion kroner.

These are the gloomy perspectives for the next year to which the government has been drawing the attention on several occasions, although it has not previously wanted to express the development in concrete figures. The figures appeared yesterday in connection with the presentation by the minister of finance of the government's extensive investment program. According to the government, the program will restructure the Danish trades and industries, so that they will be taking the lead, as far as technological developments are concerned, and will, at the same time, make it easier to carry on business in Denmark.

Implementation of the program, coupled with a high degree of restraint in the collective bargaining next spring may, according to the minister of finance, produce some of the thousands of jobs that are needed. The same effect may be achieved through restraints in the area of public expenditure and by lowering the interest rate. The government will follow up the cuts under the 1983 budget with other budgetary cuts for 1984. The incomes policy already carried through by the government and the cuts in the budget for 1983 will limit the possibilities of consumption for the average wage earner by 1 to 1.5 percent from 1982 to 1983.

7262

CSO: 3613/35

PAPER COMMENTS ON GOVERNMENT TO STIMULATE INVESTMENTS

Copenhagen BERLINGSKE TIDENDE in Danish 9 Dec 82 p 8

[Editorial: "Stimulation of Investments"]

[Text] The four-leaf clover government has now published its program to stimulate investments. There is reason to support the main objective of that program. The objective is to reinforce a structural reorganization of the Danish economy which may bring Denmark to the forefront of the international technological development and thus utilize new and changed market conditions.

The program is no finalized set of proposals which are now presented. In many areas, it is a question of taking matters up for further consideration, which may then at a much later stage result in concrete proposals. Consequently, there is not either at the present time any possibility of estimating the effects which the implementation of the program may have on the employment situation and on the balance of payments. Among the proposals which may relatively quickly be carried through and which will have beneficial effects on the trades and industries, may be mentioned the desire for an increase in the limit for immediate depreciations from the present 1,800 kroner to 5,000 kroner, deduction for expenditures in connection with the maintenance and improvement of homes, introduction of share savings funds for wage earners as well as a relaxation of the taxation conditions for conversion of personally operated enterprises to companies and of the tax on the profits of principal shareholders.

There are, of course, also points in the government program which may appear to be of a somewhat problematic nature. Even if many people will, no doubt, want the monopoly of the Danish Broadcasting Corporation to be terminated, it may be doubtful whether, in the present economic situation, it would be reasonable to spend vast resources on the development of a TV 2 channel. Such a use of resources will be necessary from an economic point of view, regardless of the form of financing which would, then, be used for TV 2. The government which indicates its desire for a TV 2 program, however, has wisely postponed the more detailed discussions of this question to the point of time when the outcome of the deliberations of the media committee becomes available. Furthermore, it ought to give rise to some hesitation that the government imagines that pension funds, life insurance companies, etc., will have a

greater incentive and better possibilities of investing pension funds as active capital in the trades and industries. It is former Minister of Economic Affairs Ivar Nørgaard's old idea of 1980, and it has not become any better since then. Such a transfer of capital may not take place on special conditions of attractive interest rates without jeopardizing the monetary policy. And, in itself, the economic problem of the trades and industries competing abroad is not a lack of capital but a lack of profitable possibilities of investment and marketing. That problem cannot be solved through transfers within different domestic financial institutions.

But, all things considered, the government has now provided a basis for a further discussion of the Danish investment policy. Something positive ought to come out of that.

7262

CSO: 3613/35

ASSESSMENT OF FIVE ECONOMIC INSTITUTES JUDGED TOO OPTIMISTIC

Zurich NEUE ZUERCHER ZEITUNG in German 25 Nov 82 p 13

[Article by HM: "On the Probable Development of the German Economy: Unchanged Optimism of the Five Sages"]

[Text] Bonn, 23 Nov--It seems as though the council of experts had already exhausted its prognostic capability with its special expert opinion submitted 6 weeks ago. The overview of data for the probable economic development in 1983, which together with the regular annual expert opinion was submitted to the government on Tuesday, after all, deviates only in unimportant details from the projections already submitted previously, even though in the meantime other projections were presented which arrived at a less favorable assessment of the situation and prospects. According to these data, the Five Sages regard a real economic growth volume of 1 percent and an average unemployment figure of 2.25 million per year as probable. While private consumption is likely to shrink again by 1 (in the preceding year -2) percent, the council is counting on an increase in investments of 4 (-5) percent, in the course of which the improved constellation (interest rates and selectively targeted measures of support by Bonn) is likely to prevail, especially in the building sector with a plus of 5 (-5) percent. The council of experts, however, does not ignore the risks of the prognosis, especially since the danger of a cumulative, worldwide downswing, it is believed, has not yet been banished. The expert opinion, however, is entitled "Against Pessimism," and the guiding thought of the text is the demand not to underestimate the latitude of action.

Undeserved Competitive Advantage

In their assessment of the situation, the Five Sages conclude that the current recession is basically a problem of adaptation and not a general crisis of demand. It is thought that what is involved here is the clearing up of structural mistakes, redistribution problems, the renewal of flexibility, as well as the removal of stimuli resulting in the misdirection and waste of resources. Inasmuch as the Federal Republic has to adapt to changed limiting conditions in foreign trade (energy and raw materials prices), they point out, this task could be distorted through the movement of the currency-exchange rates. The sharp reactions in terms of monetary policy abroad and the recession at home, they say, have (through repercussions on the currency-exchange rates) procured for the FRG a competitive position in international

trade which lacks a solid foundation. The world's problems in regard to foreign trade and inflation, they maintain, for the time being have only been transformed, but have not yet been solved.

Even if the council in its expert opinion rejects the reproach of "ruinous economizing" made time and again especially by the SPD and continues to point out existing problems of adaptation, it is by no means united as regards the causes of the crisis. For the suspicion that the weakness in growth could be related to excessively high demands with respect to the production possibilities of the national economy is the basis for a continuation of the debate among the members. Although an agreement on this question would have far-reaching consequences for the economic policy to be recommended, the Five Sages have agreed on a unanimous program in their advice for this year which focuses on the tradition of a demand-oriented economic policy of the previous expert opinions.

Dangerous Course of Economic Policy

Even if at the present time the goal of increased employment must clearly be given priority, they say, economic policy must forgo measures that suggest themselves from a short-term perspective, but appear to be harmful from a longer term perspective. In the controversy over the distribution of roles in the securing of employment, the real issue, in the opinion of the council, should be the question of the distribution of income risks most favorable from the standpoint of employment policy among employers and employees. In concrete terms, the Five Sages oppose the pause in wage increases advocated by Bonn. Instead they are asking for differentiated wage agreements, as well as a consensus of the parties to wage agreements concerning greater steadiness and dependability in wage policy. Only in this way, they say, can the expectations be stabilized and the willingness of enterprises to invest be increased. An added consideration is fiscal policy. In continuation of its previous proposals, the council is asking for a restructuring of tax rules and public expenditures, a reform of municipal finance, as well as a reordering of the social security budgets. In order to encourage investments, tax relief measures in the amount of DM10 to 15 billion are being proposed. In view of the lack of money, however, these tax relief measures would have to be distributed over several years, in the course of which the revenues from the increase in the value-added tax should also be used to cover the deficits.

In regard to monetary policy, the council is pleading for the continuation of the current policy of the Bundesbank [Federal Bank]. It warns against an overly strong expansion, since this could soon entail a new need for restriction. Lower interest rates, it suggests, should first of all be the result of a lower rate of inflation as well as a stabilization of economic expectations, but not of a greater money supply. Concretely, the expert opinion calls for an increase of the money volume of the central bank of 5 percent in the course of the year.

Too Obliging to the Government?

While the government and the Bonn coalition parties in initial comments can identify with the recommendations of the council in regard to economic policy, massive criticism of the "one-sided supply policy" is coming from the camp of the SPD. Its spokesman for questions of economic policy is repeating the assertion--no doubt incorrect in this context--that all experience in the United States and Great Britain indicated the impossibility of coming to grips with weaknesses in the market outlook through such prescriptions. For this reason the SPD is planning to submit to the Bundestag no later than this week an old-fashioned employment program calling for the expenditure of DM30 billion for the next 3 years. To no great surprise, individual spokesmen for trade unions are criticizing the recommendations of the council in regard to wage policy with the argument that higher wage agreements would contribute to the stabilization of private consumption. The industry associations are responding, above all, to the proposals in regard to the stabilization of investments. Surprisingly, the Federation of German Industries shares the perception of the council that a gradual revival of market conditions could take place if there is a policy of price stabilization, reduction of interest rates, cautious wage agreements and confidence-forming fiscal policies. This is in sharp contrast to the substantially more pessimistic assessments of the situation by the enterprises themselves, which have not yet seen any signs of recovery of market conditions in terms of incoming orders. Bonn, however, is likely to find comfort in the assessment of the Five Sages, according to which the aspects of the crisis cast too much of a shadow on the chances for the long term.

8970

CSO: 3620/99

THOMSON-BRANDT'S PLANNED TAKEOVER OF GRUNDIG CONSIDERED

Hamburg DER SPIEGEL in German 29 Nov 82 pp 114, 120, 121, 123

/Article: "Like a Bazaar"/

/Text/ With the take-over of Grundig, the French state enterprise Thomson-Brandt would come closer to the goal of assuming the leadership in the European entertainment electronics industry--at the expense of German jobs.

Alain Gomez, head of the French Thomson-Brandt concern, was in a hurry. As soon as he had come to an agreement with Fuerth's television manufacturer Max Grundig, the manager of the state enterprise returned to Paris the same evening in Grundig's private jet.

The next morning, on Friday the week before last, Gomez submitted to Jean-Pierre Chevenement, the French minister of industry, the declaration of intent, according to which Thomson is to take over 75 percent of the Grundig shares at a price of almost DM 1 billion. Chevenement agreed. A few hours later, a press agent announced the latest coup of the enterprise which has been nationalized in spring.

The following day, Paris newspapers celebrated the acquisition of the biggest French electronics concern as a historic decision which would save all of Europe under French leadership from the flood of Japanese electronics products.

As a matter of fact, when the French take over the Grundig Works, Thomson-Brandt will at once become the biggest supplier of television and video equipment in Europe. On a world-wide scale, the enterprise--which presently employs 130,000 workers and sells approximately DM 16 billion worth of goods--would then be in fourth place, behind Philips and the Japanese companies of Matsushita and Hitachi.

The French government intends to take this diversified conglomerate, inject DM 20 billion in investment subsidies for its development and make it the principal company in the French electronics industry within 5 years.

In the mid-1970's, following acquisitions in military electronics, in telecommunications and in the household-appliance market, Thomson-Brandt branched out into entertainment electronics. From the very beginning the French were concerned with "capturing a leading position" in this market.

It was an ambitious goal. On the international television market, Thomson had slid considerably because the government had forced on the concern the national SECAM system for color television; almost all of the other countries had adopted the PAL system. The French could protect themselves against the onslaught of the Japanese competition only with protective tariffs and administrative obstacles.

The French knew that it would be difficult for them to reach this goal without getting hold of German or Japanese know-how. Consequently they began by taking over small firms like Nordmende (1977) and Saba (1980), the acquisition of which gave them approximately a 20-percent share of the German color-television market.

The French also acquired lacking know-how when they took over Videocolor, the ailing AEG concern's picture-tube factory in Ulm, and the Dual phonograph firm, the largest of its kind in Europe owned by the Steidinger family in the Black Forest.

At Videocolor, for instance, technicians had developed a picture tube which was by far superior to the mat-glass screen built by Thomson. After Ulm's technicians had also improved the Thomson tubes, the German plant was closed without delay. Thomson transferred production to Italy and France and compensated the suppliers from Ulm's plant with a settlement that was totally inadequate.

Nevertheless, the French were not satisfied with the four firms which they had acquired in quick succession: At the end of 1981 they submitted a proposal to Heinz Duerr, the head of AEG, containing an offer of take-over of Telefunken, AEG's ailing subsidiary. The French figured that by doing so they would not only acquire one of the best known German brand names but also what they needed most: an efficient research establishment.

This time, however, Thomson's managers were reaching too high. AEG was not willing to pay the premium demanded by the French for the Telefunken take-over. Instead, Duerr made an agreement with Max Grundig, who in the spring of this year was overcome by the fear that his "life's work" could be "endangered" by the Japanese competition.

According to the 74-year-old Fuerth entrepreneur, a "European bulwark should be erected against the Japanese" under Grundig's leadership and in conjunction with Telefunken and two or three other firms.

To convert his dream of a European alliance into reality as quickly as possible, Grundig sent his confidant, former banker Ludwig Poullain, to secret negotiations with Bosch, ITT, Philips and Thomson-Brandt; the discussions lasted through the entire summer.

First he contacted the German prospective partners, where he met with immediate resistance. Bosch-Blaupunkt and the German ITT executives, however, were interested in cooperation and not in an alliance under Grundig's control. In addition, they did not like the idea that Grundig insisted again and again that Thomson-Brandt should be included in the European alliance.

Finally, when Grundig noticed that the French did not share his ideas either, he decided to leave his firm altogether. There was not much time, because the Japanese began to dump their overproduction of videorecorders at cut-rate prices on the German market. It became apparent that also during the current fiscal year--for the third time--Grundig's figures would be in the red.

At that point Grundig remembered his partner Philips. But the Dutch, who at the present time are not very liquid themselves, were at least willing to help out by acquiring 51 percent of Grundig. And since they were not totally convinced that Grundig really wanted to give up, they delayed the negotiations.

When it became apparent that Grundig could no longer expect much from Philips or from the Germans, Grundig was moving toward a solution with the French. At the end of October, Gomez--the head of the Thomson enterprise--and Grundig came to an agreement. Only the question of the price was still unsettled.

At the beginning of November Gomez and his people arrived in Fuerth and presented a questionnaire to Grundig's financial managers, which the French were planning to use to come up with an appropriate price for the Fuerth enterprise. But they did not get very far.

"We are not dealing with a screw factory," Poullain grumbled when he saw the detailed figures of the French, "but with a strategic purchasing decision with a European perspective." The point of reference for the purchasing price could only be the DM 370 million which Philips paid for its 24.5 percent share in Grundig.

But the French were not interested in this proposal. They began to barter as if they were on an oriental bazaar.

Instead of the demanded sum of DM 1.1 billion, they offered only half of it. When Grundig threatened to break off negotiations, Gomez increased his offer to 75 percent of the demanded sum. Finally, when Grundig hesitated, he added another DM 100 million. Grundig agreed.

The French state concern--which has been losing money for 2 years--does not have enough resources of its own to be able to pay for the new acquisition. But the money is coming from the state treasury.

The new partners also agreed on what is to be done with Telefunken, AEG's subsidiary. The French suggested that Grundig should take over 75 percent of Telefunken and that the remainder should stay with AEG. As a result, the French would not only call the shots in Fuerth but also at Telefunken in Hannover.

Gomez put on pressure. He wanted the final agreements signed by 31 January. Apparently he was afraid that the erratic senior executive of the firm might change his mind once again. Eventually, however, the French accepted 31 March. Poullain had suggested this date. He figured that there would be an absolute Union majority after 6 March and that a CDU minister for economics would waive the legal restrictions on cartels and grant permission for the purchase.

To guarantee the success of their coup in advance, however, the French had already moved the business operation to the highest political level. The Ministry of Industry in Paris simply declared that the purchase was "a political test" of the German-French friendship. In a letter to Chancellor Helmut Kohl, Francois Mitterrand expressed his hope that the German government would definitely support the deal.

Nevertheless, the French--who are using their embassy in Bonn to exert pressure almost daily--are overlooking the fact that the FRG minister for economics cannot make his decision until the Federal Cartel Office rejects the merger. There is no way that the minister can grant permission beforehand.

And it is doubtful that he will even be able to do it. In the view of the industrial organization dealing with "internal markets," the agreements with the French would be equal to a "sellout of national interests."

Not even Max Grundig is maintaining any longer that the merger will guarantee jobs in Germany. According to a letter written by the company president to his employees, it would at best guarantee jobs "in the European entertainment electronics industry."

Of course, in the future Paris would more or less determine what was going to take place in this field. The communists, who are cogoverning in Paris, already gave an indication as to what it would be like for the workers in the Grundig and Telefunken plants.

According to L'HUMANITE, the official paper of the communist party, operation Grundig is being financed with public funds. The acquisition of large market shares in Europe must therefore primarily serve to guarantee jobs in France. After all, L'HUMANITE states, a French state concern does "not have the same task as a West German capitalist," whose objective is "to export more and more from Germany to France."

8991

CSO: 3620/128

LABOR UNIONS INITIATE STRIKES, DESIGN ECONOMIC STRATEGY

Textile Workers Protest Layoffs

Paris L'HUMANITE in French 30 Sep 82 p 5

[Text] Three factories--in Loire, Ardeche and Rhone--belonging to the Tissages et Soieries Reunies (TSR) [United Cloth and Silk Factories] group have been occupied since Monday. Along with the CGT, the 880 workers from the group are protesting the announcement of 240 layoffs. As the Ministry of Industry announced the appointment of a temporary director, the management began layoff procedures. The CGT maintains that the industry can find a solution which provides for employment.

In the West, 70 layoffs are scheduled for the Pharmaceutical Distribution and Operations Cooperative, with headquarters in Saint-Herblain outside Nantes. This company, which serves some 900 pharmacists in Brittany, has filed for bankruptcy.

Manager Disappears with 5 Million

There are also 50 layoffs scheduled after winding up the automobile parts distributing company, Centre-Ouest Equipment. The manager of this firm, which has 163 employees in Niort, La Rochelle and Limoge, has disappeared with more than 5 million francs.

In Nancy, the Nord-Est Construction Company has just gone into liquidation with liabilities of 40 million francs; the jobs of 160 people are threatened.

Voisin: 90 Jobs Eliminated

At the Voisin de Puteaux firm (Hauts-de-Seine), the management of the FATA [expansion unknown] group that controls the firm decided to eliminate 90 jobs. A delegation of workers went to the factory inspection office to demand that the decision be rescinded and the threats to close down the factory be stopped.

Still in the Paris area, at Vincennes, the CGT and CFDT unions of Kodak-Pathe are worried about the eventual closing of the factory and research center that employ 2,350 persons. This measure, which is scheduled for 1990-1995, could come earlier, in 5 or 6 years, the labor unions believe. Production of film bases would be transferred to the Chalons-sur-Saone factory with a substantial reduction in jobs.

Compagnie des Fours Industriels: 138 Layoffs

On Monday, the receiver at the Compagnie des Fours Industriels (CFI) [Industrial Furnaces Company] announced 138 layoffs, including 25 at Amilly (Loiret) and 113 at Montreuil (Seine-Saint-Denis). Some 60 workers occupied the CIRI (Interministerial Committee for Industrial Reorganization) to oppose the layoffs and the shutdown of the firm which could be bought out by Stein-Heurtey, a subsidiary of an American conglomerate. The CGT asked for a monitoring committee to be set up with workers' representatives and for the property of the CEO, Mr Berchon, to be seized. This company is the only French manufacturer of industrial furnaces. Three-quarters of its production goes to the nationalized sector (CEA [Atomic Energy Commission], EDF [French Electric Company], GDF [French Gas Company]...).

Several Unions Strike at EDF

Paris L'HUMANITE in French 28 Sep 82 p 5

[Text] For the first time since 1976, the CGT, CFDT, FO [Workers Force], CFTC and CGC [General Confederation of Managerial Personnel] reached agreement yesterday to call on EDF and GDF workers to strike at 2:00 Tuesday afternoon, the day before wage negotiations with management are to resume. In a joint statement published Monday, the unions called the 21 September negotiations a "parody" and said the proposals made by management at that meeting were a "true provocation." The management had proposed two increases--1.25 percent on 1 November and 2.1 percent on 31 December, or 7.5 percent for the year, in addition to an 8 percent increase for 1983. It also advocated a shift to a 35-hour week without wage compensation.

In the communique, the labor unions confirmed "their adherence to the principle of freedom to negotiate," and said they were "in favor of maintaining workers' purchasing power, reducing the work week, and reducing inequalities," all of which, in the opinion of the signatories, "are essential for social justice and the country's economic recovery."

For the CGT, CFDT, FO, CFTC and CGC unions, the EGF [French Electric and Gas Company] management should resume discussions on Wednesday on the basis of a 38-hour week beginning 1 October with no loss in wages, and a new system of remuneration.

On wages, the unions are requesting that "purchasing power be restored and maintained for everyone in 1982 and that there be a differential increase for low and middle-income workers within limits to be defined by their representatives."

For 1983, the labor unions want wage increases to anticipate estimated price increases and the schedule to have a built-in safety clause.

The federations, which agreed to meet again on 1 October to assess the results of the negotiations, indicated in their joint statement that tomorrow's strike is in addition to decisions for action already made by each of the labor organizations.

This applies, specifically, to the CGT energy federation which, on the very day negotiations resume, is organizing the timetable for labor union activities undertaken by its unions since Monday.

With regard to Tuesday's joint strike, the CGT said yesterday "that the activities undertaken by a large number of unions, at the initiative of the CGT, have had an important effect and have made it clear that most employees want action."

Steelworkers Want Explanation

Paris L'HUMANITE in French 28 Sep 82 p 5

[Report from Special Correspondent, Line Jacques]

[Text] In response to the request of the CGT,CFDT and CGC unions, a thousand steelworkers in Pompey gathered in front of management's offices to demand an explanation of its intentions. The director general fled. A delegation of labor union leaders will meet today with Mr Chevenement and Mr Auroux.

On Saturday, workers will open up the doors of their steel mill to the people living in the department so that they will understand that Pompey must survive.

Solidly built, with short, salt-and-pepper hair, Marcel is 54 years old. He will be receiving the workers' gold medal next week. It has been 40 years since he began as a steelworker in Pompey. For 40 years he has given all his strength and ability to manufacturing special steels. Today, like his 3,500 comrades, his future is uncertain.

More than a thousand men and women, like him, responded to the call of three unions, the CGT, CFDT and CGC. They intend to decide what joint action to take to make the management of Sacilor back off.

The SNAP blast furnaces in Pompey rumble and hiss. At their base, 1000 workers listen to speeches by union leaders. J. Leickner, secretary of the CGT union, warns them: "Your massive response to the unions' call shows your determination not to see your company shut down as some would have it." He goes on: "To cut SNAP off from its smelting operation is tantamount to applying the Davignon plan developed in Brussels. Mr. Dolle's decisions are unacceptable. They represent serious political mistakes. How can we meet our country's growing needs for special steels if we close down the factories?"

Personnel of an entire factory workshop standing near me comment on the CGT leader's words as he speaks. "When the president of the Republic came to Lorraine in October 1981, he assured us that we were a leading force in rebuilding our economy. Today they tell us they are closing down the blast furnaces."

Turning next to the social proposals in the Sacilor plan, the CGT secretary points out: "They contain nothing specific. We are assured that the early

retirements do not mean that jobs are being eliminated. But nothing has been done to replace those who are leaving. Some 250 people would be involved, but we are also told that the agreement passed for the early retirement system will be foreclosed at the end of the year. As for those 50 to 55 years of age, they will leave only as production is gradually tapered off. As thanks for their loyal service, they will receive lower benefits."

"Management is trying to stall for time. We have the right to demand explanations on the plan to be applied," says J. Leickner. "We therefore invite all of you to go to management for an explanation."

The CFDT and the CGC agree. The management offices are isolated from the factory by the Moselle straddled by a bridge. When the steelworkers reach the place, it is only to learn that the director, Mr Cantenot, has scheduled a hurried meeting of his board at an unknown place.

The PCF Federation supports the steelworkers' struggle. In a pamphlet, it says "Pompey and the Lorraine have already suffered too much. Further job cuts are unacceptable."

Delegates of the CGT, CFDT and CGC unions to the Pompey steel mills were received in the afternoon at the Meurthe-et-Moselle prefecture in Nancy by Jean Lorrain, state secretary for veterans. Next Saturday they will open the doors of the factory to the people.

Chevenement Meets with Steelworkers

Paris LE MATIN in French 29 Sep 82 p 5

[Report from "J.F.A."]

[Text] "The commitment made by the president of the Republic not to lay off workers without reclassifying them will be strictly respected by the government," In receiving all the labor organizations yesterday, Minister of Industry Jean-Pierre Chevenement needed to provide some reassurance, after the outcry raised in the past few days at the announcement of Usinor and Sacilor's plans to eliminate 12,000 jobs between now and 1986.

This first meeting between the new minister of industry and labor organizations was particularly awaited. While indicating a willingness to discuss the new steel plan and solutions to the social problems it creates, the minister spoke to the unions in uncompromising language. The investment programs outlined by Sacilor and Usinor will in effect not be corrected.

The main concern of the government is to make the French steel industry competitive on the market. In the same vein, Claude Dolle, CEO of Sacilor, said last Monday that "our 1982-86 industrial plan introduced last week will not be altered despite the labor unions' demand."

Thus, if everyone agrees that this industrial sector has problems, implementation of the new policy does not meet with unanimity. However, Andre Sainjon, secretary of the metallurgy federation of the CGT, acknowledges that "the task is difficult and complex because of the burdensome legacy left by previous governments." Now, for the CGT, the plan decided by Usinor and Sacilor is not in line with the government's economic and social policy. Today the labor unions are worried.

Under this heading, the industry minister emphasized that the investment plan provides for new businesses (17 billion for 1986 to create new jobs in the areas most affected). As an example, Jean-Pierre Chevenement pointed out that a canning company will be established in Pompey, with openings for 200 employees. A meager consolation for the unions, which, however, were quite happy to learn of plans to create 5,000 jobs by 1986.

CGT on Chevenement Meeting

Paris LES ECHOS in French 29 Sep 82 p 8

[Text] "The reasons for concern are still greater today than actual assurances," Andre Sainjon, secretary general of the Metalworkers Federation of the CGT declared.

Commenting on the meeting between the minister of industry and the unions, Mr Sainjon was pleased with Mr Chevenement's "strong insistence" on efforts to diversify jobs "which has become essential." He added, however, that "the steel industry and iron mines cannot be neglected."

The leaders of the FIM-CGT have pointed out that Mr Chevenement is supposed to go to Lorraine before the end of the year to announce the creation of about 5,000 jobs between now and 1986.

The procedures involved in creating these jobs have not yet been decided. "We know what is disappearing, but we don't know anything about what is going to be created in turn," the heads of the FIM-CGT explained, stressing that they supported the steelworkers' action and shared their concerns.

CGT Disagrees with Usinor, Sacilor

Paris L'HUMANITE in French 5 Oct 82 p 6

[Text] The CGT organizations involved in the steel industry and iron mines that met in Paris on Friday regard the plans put forward by the Usinor and Sacilor groups as inconsistent with the objectives for change outlined for the country and call on their organizations to make every effort to "insure that our country has a strong, modern and competitive steel industry, linked to the development of upstream and downstream industries, and particularly iron mines."

In a joint statement, the confederation, the CGT metalworking and foundation federations, regional unions in Lorraine and the North, and the departmental

unions of Moselle, Meurthe-et-Moselle, Nord and Ardennes noted: "The announcement of the plans approved by the CEO disregarding the workers' proposals has triggered strong emotion and even anger in some places."

"The CGT organizations share these reactions of the workers and the people.

"To correct this," the statement goes on to say, "and to bring industry's response in line with the current political situation, participation by the workers and the people is needed more than ever today."

"The CGT calls on its organizations and its militants to act and to consult with the workers and the people, so that real solutions can be found that will consolidate social and technological progress, preserve the steel basins and stability in the regions, create conditions for coherent industrial development around the steel industry and iron mines, and preserve our domestic production and our country's independence."

The Steel Sector

"Nationalization of the two main steel conglomerates, the production goals set by the government last June, on the basis of the lofty hypothesis of the Judet report, and the substantial financial resources mobilized to give a boost to the French steel industry are all conducive to consideration of the CGT's proposals."

"On 28 September, in the presence of the labor unions, the minister of industry confirmed the goals which the government outlined in June and related financial commitments, and at the same time strongly reiterated his intention to do everything to strengthen the entire steel sector. At the same time, he emphasized current international economic difficulties and the constraints of the ECSC, which confirms the need for monitoring and participation by the workers, so that these problems may be tackled with all the necessary determination."

"The CGT has asked its organizations to act to do away with the harmful effects of the Davignon plan and to implement fully and effectively the policy to boost the steel industry announced by the government, on the basis of a vigorous effort to reconquer the domestic market:

--By demanding that social problems be considered together with technical problems in sectors scheduled for investment or modernization;

--By looking into appropriate industrial solutions basin by basin, site by site, firm by firm, so that the job problem may be resolved and domestic output preserved and increased as needed to give the steel industry and iron mines the essential strength and desirable coherence;

--By acting in concert with workers and the people to bring about a real dialogue and develop needed proposals to imbue the CEO's plans with a spirit of change, enhancing the positive points and correcting the serious shortcomings which are unacceptable.

"The organizations of the CGT, concerned about the future of the steel industry and iron mines, have decided to make every effort to have the workers and the people involved draw up specific proposals to create jobs and assure the industrial development of the regions around the steel industry, especially in Lorraine and in the North. This will be done on the basis of the government's objectives to reconquer the domestic market and boost French production, and on the basis of broad industrialized sectors."

"For this purpose, they will organize mass consultations to submit and confirm their options and proposals."

Union Votes in Rennes Citroen

Paris L'USINE NOUVELLE in French 7 Oct 82 p 87

[Text] Despite clear progress made by the CFDT and the CGT in the elections for employee delegates (workers' constituency) at Rennes, the CSL still leads the pack, even though it lost its absolute majority. It received 49.3 percent of the votes, as compared to 56.27 percent in 1981, while the CGT won 25.04 percent (24.06), the CFDT 19.01 (14.15), the FO 4.01 (5.53) and the CFTEC, present for the first time, 2.68 percent. These elections took place in a calm atmosphere, in the presence of factory inspectors and some 20 bailiffs.

Union Votes in La Rochelle Peugeot

Paris L'USINE NOUVELLE in French 30 Sep 82 p 75

[Text] There were many abstentions--11.6 percent as compared with 0.71 percent in 1981--in the elections for employee delegates at the La Rochelle Peugeot plant (1,881 workers).

According to the CFDT, this accounts for its setback. This organization in fact received only 37.4 percent of the votes in the workers' constituency, as opposed to 43.09 the previous year. The CSL and the CGT showed results similar to 1981, with 38 percent versus 38.5 percent and 6 versus 5.5 percent, respectively. In the constituency of administrative workers and technicians, however, where the CFDT was present for the first time, it obtained an honorable score--12.82 percent, while the CSL showed a slight decline, going from 83.6 to 81.7 percent.

CGT's New Areas of Action

Paris LE NOUVEL ECONOMISTE in French 4 Oct 82 pp 70-71

[Article by Henri Gibier: "The Laboratories of the CGT"]

[Text] With a ceiling on wages and welfare rationed, the room for maneuver is reduced for labor unions which, like the CGT or the CFDT, want "to be positively committed to the leftist program." Last Friday, moving into his new building of multinational dimensions, Henri Krasucki acknowledged that the problem of purchasing power was of the most critical for workers but also the most complex to solve." This was a generous euphemism for the government, even if the troops are getting restless at the EDF, the PTT or the civil service.

Always concerned with pedagogy, Mr Krasucki is expecting his engineers to come up with "new fields of union action. "There are many other types of action besides work stoppages," the head of the CGT stressed, in inviting a somewhat disillusioned group to show how imaginative they are.

To encourage them, two "idea laboratories" were set up in the confederation. The "economic sector" proper was taken in hand by Gerard Alezard following Jean-Louis Moynot's eviction. Mr Alezard was an excellent technician in electronics at the Ponts et Chaussees, became an engineer as a result of on-the-job training, and is an influential member of the Central Committee of the PCF. Concentrating on macroeconomic problems, Mr. Alezard's team has a privileged position with the UGICT [General Union of Engineers, Administrative Personnel and Technicians], the union of the CGT white-collar workers, as Mr Alezard sat on the board there a long time. The UGICT is trying to encourage a more industrial thrust in enterprises.

"We are trying to push workers to tackle issues themselves," Henri Sauvinet, national secretary of the UGICT and former chemical engineer at Ciba-Geigy, explained. The CGT palette is already dotted with some 15 "cases" which are for demonstration purposes, but which frequently, as the firms involved have noted, do not help a weak economic credibility. To allow the reader to judge for himself, seven of these "case studies" have been summarized below. They illustrate a strategy based on three points:

--Research into the structural causes of inflation. "To show that wages are not to blame, we have to show the current real causes," Mr Alezard said. In some large stores, labels are now "monitored" by labor unions. At Printemps and Nouvelles Galeries or Trois Suisses, the CGT is asking for a "price committee" attached to the EC [expansion unknown] to be set up. In the production sector, the EC-CGT members are demanding information on cost structure.

--Reconquest of the domestic market. This is the "best-selling" theme. The large federations such as textiles or metalworkers are working on "reconquest plans" which will be used as a basis for demands. Together with the electronics labor unions to drive IBM out of France, the PTT federation has initiated a study.

--New management criteria. Following the PCF "theoreticians," the CGT is opposed to "capitalist profitability," a reasoning in terms of social costs. One of the most brilliant leaders of the UGICT, Centralist Pierre-Louis Marge, is heading a committee to prepare for the industrial colloquium organized for November by the minister of industry and research, Jean-Pierre Chevenement. The work is focusing on "industrial efficiency and organization of work"--while waiting for future advice on industry from the nationalized sector.

CGT, CFDT Meet

Paris LE NOUVEL ECONOMISTE in French 4 Oct 82 p 6

[Text] "This exchange of views has brought out converging--as well as divergent--views," according to the joint communique drafted in the purest unionist language last Monday, following the summit meeting between the CGT and the CFDT.

This is one way of saying that the only important aspect of this meeting is that it finally took place, 2-1/2 years after the previous one, 500 days after the Left victory and less than a year after the big Polish upheaval.

This was therefore a purely symbolic event, nothing more than an act illustrating the "good behavior agreement" tacitly adopted by the two confederations during their spring congress. For today, Edmond Maire and Henri Krasucki primarily share a problem of "positioning themselves" in the face of a leftist government that they support, even if it does not entirely represent their views and there is a danger that its new policy may put them on unstable ground vis-a-vis their unions.

In these circumstances, simple one-upmanship between organizations becomes futile if not dangerous. You can see it at Unedic (unemployment insurance), in the management of which labor unions and employers have equal shares and where the temptation is great, as the conciliation board draws near, not to insure unpopular savings--but at the risk of bringing down the entire institution. The same adjustment problem will crop up at the time of the negotiations to end the wage freeze, with organizations such as the FO, the CGC or the CFTC, which do not have a "governmental image."

Minimal coordination between the leaders should therefore allow for better control of changes in the modd of the unions. An example of this was provided just this week at EDF-GDF where the five labor organizations agreed on a very moderate line of action: a 2-hour work stoppage on Tuesday, without cutting the current. The proposals put forward by the EDF management last 21 September would at another time have caused a real armed uprising. One third of the promised reduction in the work week--38 hours beginning 1 October 1982--will be taken out of wages, without any commitment to create jobs, and the wage increase at the end of the year is confined to 3.25 percent.

The other prospect opened by this timid agreement will become clearer when the Auroux laws are passed. Some parts of these laws do not effectively strengthen the weight of unions unless they have a majority position in an enterprise, alone or with another union. The CGT and the CFDT are the unions which are found most frequently in industry and are most interested in establishing an "economic counterpower."

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AUTO EQUIPMENT FIRMS ENTER LATIN AMERICAN MARKET

Paris L'USINE NOUVELLE in French 14 Oct 82 pp 110-111

[Article by Daniel Solano: "French Inroads Into the Latin American Market"]

[Text] Valeo, Jaeger, Neiman and Solex have all taken advantage of the lightning development of the local automobile industry in Latin America, mainly by setting up plants in the countries. And current market difficulties have not altered their strategy.

French parts manufacturers have taken advantage of the opportunities offered by the developing automobile industry in Latin America. Naturally, current economic difficulties, and primarily the crisis on the automobile market, have created a difficult situation for these companies but extensive clientele and technological sophistication have put the French suppliers in a good position to benefit from an upswing in production.

The presence of companies such as Valeo, Jaeger, Neiman or Solex can be attributed to the lightning development of the local automobile industry. In Brazil, for instance, production of vehicles has grown from 62,000 in 1958 to more than a million in 1978. Moreover, the local governments have required manufacturers to include a certain (generally high) percentage of domestically made parts in each vehicle. This has been responsible for creating a considerable market, since the large automobile firms (Volkswagen, Ford, General Motors, Fiat, Renault) were obviously unable to produce all the necessary parts.

Suppliers gained a foothold early on by developing a presence, usually by investing in factories. Jaeger set up business in Argentina in 1965 and in Mexico in 1968. Valeo gradually took hold in Brazil beginning in 1974. Solex took a different approach: "This company's strategy in Latin America involved becoming a minority shareholder or granting licenses," Alain P. Chaintron, director of international operations for Solex, explained.

The suppliers focused their attention on a limited number of countries. Brazil attracted a number of companies, despite the fact that there are no French automobile manufacturers there. The Valeo group carved out a good position with four firms, including Cibie do Brazil, which has 80 percent of

the headlight and tail-light market. In Argentina, Renault's position--currently on an equal footing with Ford in terms of sales--evidently gave it considerable impetus to set up a factory, despite the country's difficulties. In Mexico, only Jaeger tried its hand at a local plant, but with success: the local subsidiary covers 45 percent of the demand for dashboards. In other countries, the small markets do not make it worthwhile to build a local plant. Parts are obtained either by direct exports, or are included in vehicles that come as detached parts shipped for local assembly.

In this development strategy, the key to success for the suppliers lies in their technological capacity. A carburetor, or a dashboard, with all the sophisticated equipment that goes along with it, or a burglar-proofing system, entail a know-how that the local companies usually do not have. Thus, Solex, after assisting its Brazilian licensee to develop a carburetor adapted to gasahol, has just come out with two carburetors especially adapted to high altitudes for Renault in Mexico. Another example from Brazil is Chausson, which is working together with Bongotti, a local firm (in which Ford is a principal shareholder), to develop the production of aluminum radiators. "We are contributing a new technology and products that reflect the parent company's experience," explained Joseph Ferre, the head of the Brazilian group.

However, a new factor has recently altered the situation of manufacturers with plants in Latin America: a drop in vehicle sales, which has evidently affected the order books of automobile parts suppliers. In 1981, production declined in nearly all the seven main producing countries in the region. This year, the flourishing Mexican automobile industry was in turn hit. But the most serious case is Argentina, where production fell off a further 55 percent during the first half of the year. And, some manufacturers have been working at only 10 percent of their capacity!

Still a Region With Few Automobiles

These sharp variations in production, typical of automobile markets in developing countries, do not essentially change the strategy of these companies. "We have been in Argentina for more than 15 years and we have coped with the difficulties that have arisen," explained Frederic Girardot, deputy director of Jaeger. An official from the Valeo group believes for his part that "the Brazilian market is still potentially very large, despite the problems."

In fact, Latin America is still a region with relatively few vehicles. Production is barely over 2 million vehicles for a population of 350 million. Provided current problems can be ironed out, the automobile industry and parts suppliers can expect to see considerable development in the coming years.

Table 1. A Well-Established French Presence

French Suppliers in Latin America

	Country	Subsidiaries of Type of Operation	Products Manugactured
Chausson	Brazil	Chausson Intercambiadores Termicos	Heat exchangers
		Bongotti: 20 percent share + license	Aluminum radiators
Jaeger	Argentina	Jaeger Argentina	Dashboards, clocks, flexible leads, commuta- tors, pick-ups, gauges, transmitters
	Mexico	Instrumentos de Precision para Automoviles	Dashboards, flexible leads, pick-ups, gauges, transmitters
Neiman	Argentina	Neiman Argentina	Burglar-proof systems, door locks
		Fat: licensee	Warning signals
	Brazil	Arteb: licensee	Burglar-proof systems, door locks
	Colombia	Camel: licensee	Windshield-wiper blades, warning signals
Solex	Argentina	Argelite: shareholder (about 20%) + licensee	Carburetors
	Brazil	Brosol: shareholder (25%) + licensee	Carburetors
	Mexico	Bocar: licensee	Carburetors
Valeo	Argentina	Proyectores Argentinos	Tail lights and headlights
	Brazil	Sofica Ltda. Cibie do Brasil	Headlights and tail lights
		Prismatic (subsidiary of Cibie do Brasil)	Headlight covers
		Ibramaf: 33% shareholder	Brake and clutch linings

Source: L'USINE NOUVELLE based on information furnished by FIEV [Federation of Vehicle Equipment Industries] and its associates.

BUSINESS, LABOR UNIONS FACE END OF WAGE, PRICE FREEZE

Paris L'EXPANSION in French 8-28 Oct 82 pp 79-83

[Article by Vincent Beaufils: "Post-Freeze Strategies"]

[Excerpts] It is now the hour of reckoning in the enterprises: they have to negotiate with the administration and labor unions how to end the freeze--"the most difficult since the war," according to a former advisor to Raymond Barre. As Jean Levy, vice president of L'Oreal in charge of the consumer products division, says: "Barre talked about austerity without applying it. Now the Socialists are not talking about it, but they are practicing it." Wage earners, deprived of any wage increases for the first time in ages, are finding the Socialist interpretation of "austerity" a bit severe. As for business leaders, they have never known the administration to be so strict. Gone are twistings of the rule authorized by letters, or oral promises to look the other way. All waivers are submitted to the National Consumer Committee and announced by decree. There were evidently not very many. The Engineering federation, which had camped out so happily in the corridors of Quai Branly before, has never come away with such paltry results. "Even increases in imported raw materials are practically impossible to offset," said one of its leaders.

The strictness with which requests for waivers from the automobile industry were dealt with provides a good example: "We had forecast an average increase of about 6 percent on our line, with the new 1983 models coming out on 1 July," recalled Jean Burgevin, director of operations and finance for Automobiles Citroen. "Out of this 6 percent, new equipment accounts for between 0.7 and 1.5 percent and the administration did not want to include this. What idiot would buy a CX-Athena, when the model replacing it, the CX-2000-TRE has 6,000 to 7,000 francs in additional options for the same price? But Jacques Delors' staff refused to concede that it was a new model." The reaction on Quai Branly shows the acidity of the exchange: "The automobile lobby is paying for its lack of cooperation with the disastrous results on the domestic market in July: foreign penetration to the tune of nearly 45 percent, merely because the automobile manufacturers refused to give a price schedule to their concessionaires. They were sure that they were going to make us give in."

Uncooperative or not, with this 6 percent increase deferred and the 3-month price guarantee, Citroen will earn 3 percent less this year than forecast.

and, since wages were increased by 3.5 percent on 1 June and were supposed to be increased on 1 September (a new conflict broke out over this new adjustment), the double chevron trademark is caught in the vice. On Quai de Javel, no one is afraid to talk about austerity. They are spreading out replacement investments as much as possible, they are eliminating the banquet traditionally offered to concessionaires at the time of the exhibition, and they are not sorry to have paid a great deal to maintain market shares abroad. This will provide the reevaluated foreign currencies that will come just in time to make it possible to limit the impact of the price freeze to 1 percent of the sales volume, a loss that must be added to the 1982 balance in red.

Impression of Having Been Cheated

But one does not have to be a shaky business to experience the cold sweat of a freeze. "We had a healthy company. From Friday to Monday, it all of a sudden became vulnerable," said Daniel Robin, director general of Astra-Calve, who talked quite openly about its accounts. "In our company, imported raw materials account for more than 60 percent of net sales. The impossibility of offsetting the devaluation effect, the reversion of the new rates that we had passed off to distribution, and the VAT point will together mean about 80 million francs less in earnings, or 6 percent of our sales volume discounted for the second half of the year. The wage freeze made it possible for us to save 26 million. Thus we are short more than 50 million francs, and I do not have an amount like that knocking about in our accounts. Our net balance last year ranged around 32 to 33 million, for instance."

In the end, Daniel Robin intends to confine the impact of the freezes to 20 million francs--and not just by tightening all the screws. Astra-Calve was in fact successful in winning two waivers. One will allow it to pass off 12 percent of the milk price increase decided in Brussels to the La Roche line, and the other authorizes it to reflect the increased cost for raw materials in margarine. But, paradoxically, Astra-Calve decided not to take advantage of this second relief measure, primarily under pressure from distributors.

Importers, the Calm Fathers of the Freeze

The price freeze, however, is accepted by some leaders, in that it is linked to the wage freeze. Jean Levy considers that "it is a necessary temporary step, provided the team in power is consistent and favors the economy over politics."

And finally, we have the calm fathers of the freeze, the importers. The limit on margins in absolute value, the only constraint imposed on them, is not making them lose any sleep. In the subsidiaries or agencies of the large Japanese sound companies, every autumn new models traditionally chase out the old. Moreover, the race to compete and the poor health of the entire industry make the price freeze problem much less acute. "In the fight against inflation, sorry, but I have already played my part," a businessman commented.

Automobile importers are also easily under the theoretical ceilings to which they are entitled. Volkswagen-France, which sensed the coming devaluation and had increased its models by 2.5 percent in May, was contented with a 2.8

percent readjustment in July. Volkswagen prefers to pare its margin in its French operations and to keep its position as the number one importer on our market (twice as many vehicles sold in 1981 as in 1978).

It is evident that the coupling of devaluation and price freeze does not necessarily give birth to the "reconquest of the domestic market" test-tube baby. Further proof of this is the chemical industry. "In areas where imports dominate, such as propylene-glycol, we have increased our prices and we find ourselves 10 percent more expensive than Chloe," according to someone at Dow Chemical. "Chloe, however, is not trying to create problems for us, but just prefers to sell its surplus abroad at better margins, profiting from the devaluation effect."

The results of the price freeze are therefore not as bad as many professional federations say. Of course, there are more people grouching than not, but calls for help are not rolling in. "Provided it only lasts 4 months," most business owners emphasize. But, quite unlike the Barre freeze in the fall of 1976, removing the price freeze is not on the horizon, but in the rear-view mirror.

Raymond Barre conceived the "moderation commitments" as a transition measure. "In actual fact, he ignored them," confided one of his former advisers. But the Socialist government wants to make these "commitments to fight inflation" much more constraining. Naturally, at the meetings with the large firms and representatives of 120 business sectors and 30 service sectors in September, the Quai Branly made an effort to set only overall goals and to provide information on the upstream or downstream efforts required of this or that company. The ball is therefore in the business leaders' court, and they must submit their proposals to the administration in the next few days. The climate, however, tends to be grim and there would be no hesitation to resort to the 1945 ordinances for possible sanctions. "We are not like Mr Barre, who had confidence in human nature. We will not practice 'Rousseauism'...", commented a spokesman from Jacques Delors' office.

The Return of Former "Bad Habits"

"And then, the obvious will happen," noted a scandalmonger from the Quai Branly, "and the industrialists' proposals will be studied less on the basis of their own justifications than from the standpoint of their impact on the index. The businessmen will still sign, since that is always better than being taxed, but they will retaliate with compressed prices. That is the strongest incentive for us to refuse to eliminate the price freeze, at the risk of seeming obvious."

Even if this assumption is not certain a priori, a return to strongly managed prices makes firms fall back into their old "bad habits." First the habit of constantly knocking on the door of the administration, since the DGCC [expansion unknown] officials seem to opt less for confidence than for the "conjugal advice" approach. "We will ask businessmen what their problems are, and we will solve them together," we hear on Quai Branly. Firms like Astra-Calve, which was hoping for a measure to neutralize the increased cost of raw materials, or the distributors who thought they could adjust to an overall freeze

of the margins, should be changing their tune. The commitments will be more restrictive. But let the business leaders rest assured: if they have any problems, frequent meetings will be arranged for them on the sofas at Quai Branly!

The behavior between producers and distributors is also perverse. This Breton crackermaker is not alone in saying: "I will take the maximum increases authorized by the administration, as this is an excellent foil for passing them on to distributors." Nor is this large distributor the only one to echo: "How do I apply pressure to my suppliers now?"

We are also seeing a return of "fake innovations." But less than might have been expected, as they no longer either amuse or deceive anyone: not the administration, used to all the ruses, such as the "special" or "luxury" services invented by dry cleaners to avoid control, nor the large distributors, who are more talented at playing with labels than at fooling with products or packaging. Nor even some wage earners who--and this is something new--encouraged by their unions, are through their enterprise committees, going to be casting a more critical eye at pricing in their own firms. Several labor unions, such as the CGT of the Versailles Prisons, have denounced violations of the freeze in this way.

Some try to get around the situation by introducing more authentic new products, at higher margins than the old ones. This is the case with our Breton crackermaker, who is getting ready to introduce two new products "at the normal margin plus 5 percent" for the end of the year. "And at the same time, I am trying to gain 2 percent on my purchase costs by buying silos to hold the flour and sugar in bulk."

Offices Deserted at 4:30 in the Afternoon

The only investments people are still talking about are for improving productivity. Anders Andren, the head of Electrolux in France, is postponing its other investments, "but the rental fee for money is another equally valid reason," he added cautiously. Gerard Seul, noting that three out of four Euromarkets that are in the red have less than a year, is delaying the opening of new stores. Jean Levy will probably cut L'Oreal's advertising budgets and will stress promotion campaigns at the stores. "We are forced to make even closer computations on our new products, to avoid having to narrow our margins," he explained. "Everything depends on what Claude Jouven will tell me in the next few days: if he tells me that inflation will be 8 percent and asks me to put a 6.5 percent ceiling on price increases, with wages rising by 8 percent, that's consistent."

However, it is now very clear that this consistency between the elimination of the two freezes--prices and wages--will have to be realized within the industries or firms. A number of business leaders are curiously unhappy about this, as they feel that the government is maintaining price control, but they "are being left holding the baby." They will either have to write letters to the CNPF [National Council of French Employers] or circulars to the departmental labor offices, or else negotiate. Some leaders are not complaining:

those who, like Claude Mallart, are "satisfied just to recover the power"; or those who, like Gerard Seul, are never afraid of a little hard work; or, finally, the rare examples in the ranks of the employers, those who reproach the government for having frozen wages! Thus Kleber Beauvillain, president of the board of directors of Hewlett-Packard-France, who has never pegged wage increases to the cost of living, commented that, even over a short period of time, "people do not react well to working hard and not receiving any increases." As for Christian Paillot, the head of Akai-France, he had to explain to his staff that there was no way around the law--and with that, he found his offices completely deserted by 4:30 pm...

But, in most other firms, the popular ideas that could be used in negotiations hardly arouse the crowds. Jean Levy does not say no to predetermined wages (for example, four times 2 percent in 1983)...provided meetings can be planned at the end of each quarter. And the Workers' Force labor union agrees with this thinking, saying that "every time this method has been applied, it has always meant further meetings very soon thereafter." Lopping high wages and salaries raises a hue and cry from employers ("I will not campaign to make that type of savings," summed up one of them, to whom one could retort that Antoine Riboud, head of the BSN, took this risk) as well as from some labor unions. "We are already at the threshold of lacking motivation," protested Paul Marchelli to the CGC [General Confederation of Managerial Personnel], while Marc Blondel of the FO [Workers Force], assured us simplistically that "good horses do not steal their oats."

Crying like Peasants Before the Rain

The new wage deal thus seems quite difficult to work out. Labor unions are advocating maintaining the purchasing power, given the 18 percent average for the 1982 and 1983 fiscal years.

Leaving its business partners free to find a common ground, the government would, however, like to propose several pilot agreements signed with labor unions in the public sector. Unfortunately, they got off to a bad start in the civil service, since delays in the timetable for the increases (3.5 percent in July, 2.5 percent for September) have been too great, and the prospect of seeing the wages docked with the new unemployment contribution is too close for an "exemplary" agreement to be reached with the labor unions. Chances of reaching a compromise with the EDF [French Electric Company] are better: both management and the labor unions have in fact been familiar with the Delors system since the beginning of the year; and, if losses in purchasing power are likely to be approved for 1982, the labor unions will not dwell on this too much, since they obtained in exchange full wage compensation on shifting to the 38-hour week, long planned for 1 October. Finally, a second critical card held, an important agreement reorganizing the post classification system and making it easier to move from the rank of employee to supervisory staff to management, provides a sort of "qualitative" compensation for the wage moderation.

These agreements comprising a number of issues are particularly long to negotiate and will not in any way be prerequisites for elimination of the price freeze. The government merely wants to take advantage of this period of

intensive meetings to put forward a certain number of new approaches, including the famous "social competitiveness contracts." Negotiated within an enterprise, they would offer wage compensations in the event of an improvement in productivity, market shares, or any other indicator of the firm's well-being. Relayed to the management of enterprises, they could involve not wage increases but reductions in work time following gains in productivity. These gains could be monitored by the wage earners themselves at their work site: fewer machines breaking down, return customers, or stock depletions, for example.

These efforts to break the "vicious circle" of prices and wages face formidable structural obstacles in any case, in a country where arbitration within enterprises is always for an increase, and where labor unions refuse to sign wage agreements for long periods of time. Not to mention the dangers of an "indexing policy" which, for instance, led the EDF to sell its electricity for less today than in 1973, accumulating a deficit and a debt which will some day be reflected in a rate adjustment...

The electric shock of the freeze, however, may have dealt an initial blow to the sacrosanct indexing device. Even if the medium-term objective is to maintain the purchasing power, the processes to achieve this could be redefined, making it possible to break the pernicious pace of overly frequent increases--every 3 months, and even every 2 months.

As an adviser to Jacques Delors pointed out, you cannot play with inflation as you play cards: you cannot get rid of the bad by passing the card off to your neighbor.

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CSO: 3519/73

ENGINE GIVES ADVANTAGE TO BOEING OVER AIRBUS IN ASIAN MARKET

Paris LE NOUVEL ECONOMISTE in French 18 Oct 82 pp 72-73

[Article by Philippe Gazier: "Boeing-Airbus: The War in Asia"]

[Text] Anything goes: One of Airbus Industrie's customers is buying from Boeing its first 767's sold since July 1981. The American manufacturer has thus broken through on the Far Eastern market. But the French have not yet said die.

When two aircraft manufacturers (instead of four a few years ago) square off on the market for large airliners, and the market is in a state of crisis to boot (Boeing's sales declined by 15 percent during the first half of the year), anything goes. The Thai Airways affair, disclosed a few days ago by Boeing (whereas airplane purchases are usually announced by the airlines themselves), is a typical example of the business atmosphere in aviation. It is much more than a "sudden misfortune," (the expression used by Transportation Minister Charles Fiterman to reassure members of parliament). It would be more accurate to talk about a "dirty trick" played by Boeing on Airbus Industrie.

It is true that Boeing's executives found it difficult to accept the European group's strong penetration into the Far East, one of the few markets active in aviation equipment: 8 customers of Airbus for more than 60 airplanes (see graph), not including options. This success should essentially be attributed to the team headed by Ranjit Jayrathnam, 33 years of age, who is director of sales for this geographical area, which includes India, Pakistan, Australia and all of the Middle East as well. Overall, the clientele numbers about 17 companies for more than 110 airbuses.

By successfully persuading the heads of the Thai company, which is already operating 10 Airbus A-300 B's, to replace their orders for 2 more long-body European airplanes (300-600) by two Boeing-767 long-range planes, the Americans accomplished quite a feat. They also unblocked their program to sell new planes: Boeing had not sold a single 767 since July 1981.

Boeing's advantages over the Airbus A 300-600: a somewhat lower sales price (about \$10 million less for two planes, including training) and engine delivery guaranteed for spring 1984. It seems that Boeing was able to convince the air marshal who directs the airline on General Electric's reservations over the Airbus 300-600, whose width the American conglomerate considers to be unsafe.

Engine deliveries are delayed, and the jet engine model chosen from General Electric will not be ready before the end of 1985. Aware of the problem, Airbus Industrie suggested to the Thais that they replace the G.E. engines by the Pratt and Whitney models similar to the ones used by the Saudis, the first to have opted for the Airbus A-300-600...

Boeing's breakthrough on the Far Eastern market should be taken seriously--it could be confirmed shortly by a substantial order of 767's by Japan Air Lines. Up to now, in fact, Airbus Industrie had held up under the market's turbulence somewhat better than Boeing, by making sales in countries not as affected by the world economic recession. In contrast, Boeing's customers for its new 767 and 757 twin-engine jets (a smaller plane built using the body of the 727 with a new wing and new engines) were strictly concentrated in North America.

And the domestic market in the United States collapsed. Hence several companies suffered much-publicized bankruptcies, and orders were canceled and deliveries postponed. Development of a second-hand market did not help matters. It is evaluated at about 100 heavy transport aircraft including about 40 Boeing-747 jumbo jets.

Despite hopes for the recovery of the American economy, the recession is currently affecting the world air transportation market. International traffic is increasing only at the rate of 0 to 2 percent a year, instead of the annual rate of 7 to 8 percent recorded during the 70's.

Thus times are difficult for both aircraft manufacturers and airlines. Neither can count any longer on an increase in disposable income to lead off expansion. Companies must now concentrate on a single front: improving the cost price. With their new models, are manufacturers in a position to help them cut their costs? "Yes, as far as operating costs are concerned," says Paul Besson, former deputy director general of Air France and now a consultant with the World Bank. "Unfortunately, the cost of aviation investments is increasing in constant money." The price of airliners nearly tripled between 1970 and 1980, while the rate of inflation was slightly less than 2 in the United States during the same period.

This is the context in which Airbus' leaders must nevertheless continue to increase their production pace. Roger Beteille, director general of Airbus Industrie, explains why: "We must honor our orders. Our orderbook covers production for the next 3 years."

Toulouse, where the heavy European twin-engine jets are assembled, is currently putting out 4.7 Airbuses a month. The plan is to gradually increase to eight a month between now and the end of 1984.

Caution

"We are slowing down this increase in our production rate somewhat, and our present target is to produce six and a half planes a month by the end of 1984." Jean Charles Poggi, deputy director general of Aerospatiale in charge of plans, programs and budgets, explained to LE NOUVEL ECONOMISTE. Fewer

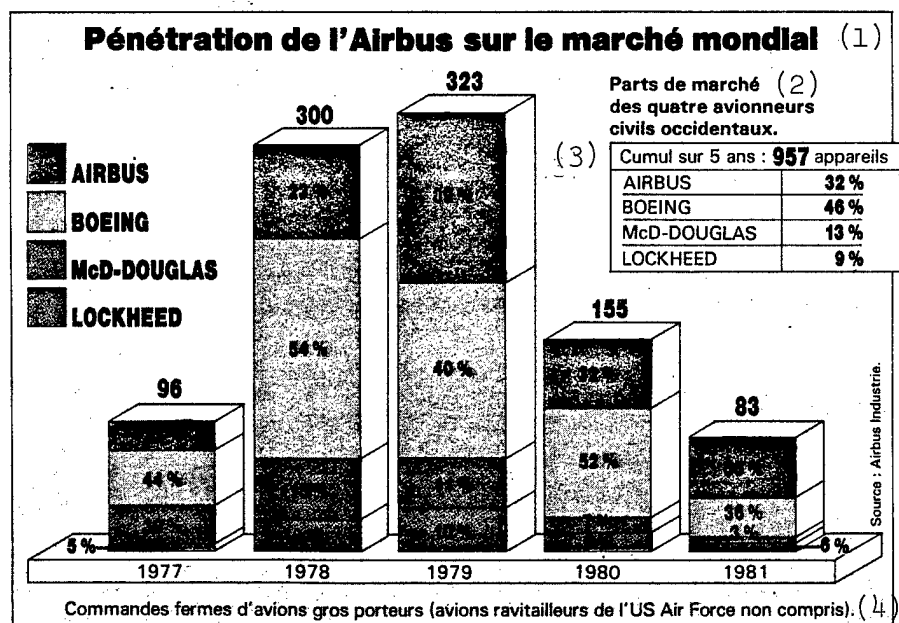
orders justify this caution. In 1980, Airbus sold 50 planes; in 1981, 46. This year, there have only been about a dozen new orders up to now, with others replacing those of the bankrupt Laker.

The assembly line at Toulouse was designed to handle indiscriminately Airbus A-300 B-4's, A-300-600's and A-310's. Twenty-two months are needed to build an Airbus (long-cycle supplies, done by lots, require 30 months).

It remains to be seen whether the currently stagnating world market might not be used to advantage by Airbus Industrie's partners to launch a new program (the "small" 250-seat airplane christened the A-320), so that the new product will be ready when air transportation picks up. "The A-320 project is credible," Daniel Tenenbaum, director general of Civil Aviation (and former director of aeronautic programs, a post now held by Michel Lagorce) asserts. A strategy of this sort (feared by Boeing, which would be forced to come out with a new plane) does, however, entail a number of prerequisites:

- Consensus among the industrial and financial partners (including Canada);
- The commitment of several companies (without attempting to include an American airline at any cost), and not just Air France;
- Selection of an engine.

Of these three requisites, the last is unquestionably the most difficult to obtain. It is so true that, in the field of jet engines for civilian aircraft, the manufacturers have to rely on American engine manufacturers (or on Rolls Royce, up to now more interested in programs on the other side of the Atlantic than in European programs). Airbus Industrie knows this only too well.



Key: (1) Airbus Penetration on the World Market

(2) Market shares of the four Western civilian aircraft manufacturers

(3) Five-year cumulative figure: 957 aircraft

Airbus: 32%; Boeing: 46%; McDonald-Douglas: 13%; Lockheed: 9%.

(4) Firm orders of heavy transport aircraft (not including US Air Force tankers).

Table 1. Airbus in the Far East

Airlines	Firm Orders	Models	Jet Engines
China Airlines	4	A-300B-4	PW
Garuda (Indonesia)	9	A-300B-4	PW
Korean Airlines	8	A-300B-4	GE
Malaysian Airlines	4	A-300B-4	GE
Philippine Airlines	5	A-300B-4	GE
Singapore Airlines	12	A-300B-4	GE
Thai (Thailand)	12	A-300B-4	GE
TOA (Japan)	9	A-300B-2	GE

PW: Pratt and Whitney (United Technologies conglomerate)

GE: General Electric.

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CSO: 3519/72

MINISTERS ADOPT MEASURES TO STEM FOREIGN TRADE DEFICIT

Paris LES ECHOS in French 21 Oct 82 p 3

[Report by Jean-Michel Lamy: "Mobilization on the Foreign Trade Deficit"]

[Excerpts] Mass fire for the defense of foreign trade. On Tuesday Mr Francois Mitterrand declared: "We are buying abroad what we could manufacture in France. We can reverse that trend." On Wednesday, on the proposal of Mr Michel Jobert, the Council of Ministers adopted a series of measures (see below). Not really important, but not altogether negligible.

Summing up, a warping of good sense. The control of nighttime illumination of public buildings, for example, will make one smile. But the fact that we are no longer able to pay--reasonably--for such a "luxury" is saddening all the same.

The essential thing? Strict application of the recommendations of the Council of Ministers--everything to be put in effect within 6 weeks--does not mean recourse to embryonic protectionism. The objective, rather, is to stake out a defense of our interests which is more intelligent--and more crafty. Our competitors have been giving us lessons in how to do it for a long time.

Thus the coming examination, item by item, of our trade with 20 countries depends on the flexible and graduated riposte. Some revealing figures--Japanese products during the first 8 months of 1982 advanced by 35.5 percent over the corresponding period of 1981. Those originating in the EEC by 25.7 percent. On the evidence, the best response is to have a competitive edge.

And therefore an economic policy encouraging a maximum of creativeness and investment. In this connection we welcome Mr Laurent Fabius' dropping the 30 percent general expense tax for 1983. But the benefit is reserved to operations associated with export...This could cause a complication from the point of view of EEC regulations. A pure and simple abolition remains difficult to justify after the speeches given in favor of this tax!

More serious is the fact that the political weight of France no longer seems sufficient to force certain partners to increase their purchases. This is particularly true of the countries in which trade is with the state. The USSR, for example, has concluded only a billion francs worth of contracts with Paris

since the beginning of the year against more than 6 billion with the FRG! And certain oil exporters are reacting with reserve. The concern of the government to react in these directions is therefore praiseworthy. Let us also be reminded in passing that Spain is well on the way to erecting a protectionist wall at the foot of the Pyrenees.

Furthermore, the table below illustrates the slippages by sector. For small information systems, magnetoscopes and electronic components imports have been exceptionally heavy, as with furniture, footwear or textiles. These are losses of ground which cannot be made up overnight.

The real answers are profit and investments. In this regard management has with good reason denounced the increased charges imposed on enterprises in recent months. Despite these difficulties, the nationalized groups have vigorously pursued their effort to export. For the less well-equipped small and medium-sized enterprises the imbalance in the balance sheet has been more disturbing. Hence the bet on bringing them all together into the COFACE (French Foreign Trade Insurance Company), thanks to simplifications, better indemnifications, and broader risk coverages.

At the National Assembly yesterday Mr Jobert estimated that France "may hope to reestablish the balance of its foreign trade in 1985." A huge ambition when one is aware that the deficit with regard to the FRG alone will amount to about 35 billion francs in 1982, and with the United States 22 billion!

Table 1. Development of Certain Typical Imports

	8 Months 1981	8 Months 1982	Percent Change
Metals and fabricated metal products	40,469	46,513	+14.9
Chemical products and semiproducts	50,907	61,366	+20.5
Professional equipment goods	66,590	80,939	+21.5
Including:			
--Industrial equipment	15,475	18,335	+18.5
--Business electronics	19,641	25,324	+28.9
--Machine tools	5,719	6,352	+11.1
Household electronic appliances	4,136	5,708	+38
Household appliances	3,585	4,665	+30.1
Automobile maintenance equipment	12,095	17,215	+42.3
Vehicle parts and equipment	12,697	9,633	-24.1
Commercial vehicles	4,651	6,058	+30.3
Consumer goods	49,629	60,776	+22.5

Table 2. The Measures Adopted

1) Energy Economies

--Launching of a special investment program for energy economics in public enterprises. A billion francs is programmed in the 1983 budget and is repayable in 2 years. The target sectors: chemicals, fertilizer, window glass. The hope is for 500,000 TOE [tons oil equivalent] a year, or a gain of 1 billion for the balance of trade;

--Control of nocturnal illumination of public stores and buildings and of temperature within the premises;

--Increase of credits to energy economies in public housing in 1983.

2) Stimulation of Exports (To Europe, the United States and Japan)

--Exemption after 1983 from the 30 percent general expense linked to export operations;

--Improvement of the insurance-credit system for short term sales of current products;

--Aid to the financing of commercial investments for small and medium-sized enterprises.

3) Defense Measures

--Products sold in France will have to bear the indication of their country of origin. It is a matter of respecting the rule;

--Surveillance of dishonest import practices will be strengthened and diversion of trade severely suppressed. Here also, existing penalties will be strengthened;

--Documents accompanying goods passed through customs shall be written in French. This requirement will be burdensome particularly to those countries which are the least aggressive in exports. It is in any case provisional.

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CSO: 3519/87

INSEE PREDICTS ECONOMIC SITUATION FOR REST OF 1982

Paris LES ECHOS in French 5 Oct 82 p 3

[Report by P. L. "Economy in Hibernation Until the Beginning of 1983"]

[Text] Where are we and where are we going in the next few months? With its usual accuracy, INSEE [National Institute of Statistics and Economic Studies] tries to answer these two questions in the latest of its reports, which are issued every 4 months.

At the moment, the situation of the French economy is fair. The upswing in business, which goes back to the spring of 1981 and which was essentially based on household buying, weakened, but did not die out just before the summer. However, the capacity of our economy to continue this upward, albeit modest, trend "has been jeopardized by the development of two destabilizing factors."

For one thing, the rate of inflation in France has not slowed down enough to prevent the price hike differential with our partners from increasing and reaching 6 to 7 percent. For another, the decline in exports and the increased penetration of foreign products led to a second devaluation in June and to an accessory anti-inflation plan.

During the first half of the year, total imports increased by 2.2 percent and imports of manufactured goods by 3.3 percent. Conversely, there was "a sharp drop in exports," which reflected a weak world demand and a 5 percent loss in market shares since the end of 1980.

The recent slackening in activity can be attributed primarily to the fact that the foreign balance (exports minus imports) has for the past few months exerted "a negative effect on the growth of the commercial GDP."

What will happen in the second half of the year? The economic profile will be influenced by two factors, according to INSEE: the international environment and the impact of the government's anti-inflation program.

On the foreign side, the international environment is not expected to help much, at least before the end of the year. "There are currently no signs of any independent upturns for our European neighbors" and the weakened demand in countries outside the OECD is a new aspect characterizing the current year.

According to INSEE, the only favorable factor is the possibility of a temporary American upswing during the second half of the year, but it would not have very much influence on the European countries before the beginning of 1983. The dollar in effect remains highly overvalued and this has an inflationary and recessionary impact on the Western economies.

On the domestic level INSEE predicts:

--A moderation in retail prices during the second half of the year (3.7 percent and 10 percent over the year), thanks to the price-wage freeze;

--Businesses will show some deterioration in the price-cost ratio, because of the freeze on their sales prices, the tax increase and low productivity gains (fair activity). Their gross surplus, somewhat improved since the first half, will come back down to the very low level of 1981;

--Gross disposable income of households will drop by more than 1 percent;

--Imports will shrink somewhat because of decreased domestic demand, while exports will show a slight upturn (the effect of devaluation and the price freeze).

In these circumstances, business investment will continue to stagnate and stockpiling will slow down. Household consumption will gradually decline while still remaining positive (+0.8 percent instead of 2.2 percent for the first half). The commercial GDP will grow very slowly: 0.3 percent in 6 months as compared with 0.8 percent during the first 6 months.

The number of jobseekers could reach the level of roughly 2,170,000 by the end of the year.

In conclusion, nothing to get excited about: nearly all the curves are downward.

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CSOP 3519/55

SHIPYARD REORGANIZATION CENTERS ON SCHNEIDER, ALSTHOM

Paris LES ECHOS in French 5 Oct 82 p 4

[Text] Louis Le Pensec, minister of maritime affairs, announced Saturday at Dunkirk that "in the next few weeks" he expected to see the government-ordered reorganization of the French shipyards completed in two large shipbuilding conglomerates.

"Since the Korean or Japanese shipyards alone are larger than the entire French shipbuilding industry, it is essential to reorganize so as to attain the critical thresholds needed in terms of research, marketing and productivity," he declared at the launching of the "Quinca," a 23,000-ton vessel which the Brazilian shipping company, Petrobras, commissioned for the transport of chemical and oil products.

He went on to say that "this is what led the government to decide to form two shipbuilding groups, one around Schneider, absorbing France-Dunkerque, La Ciotat and La Seyne, and the other merging Alsthom-Atlantique and Dubigeon-Normandie."

This "regrouping of structures," he added, "is only the initial phase of a plan to strengthen and increase the productivity and competitiveness of the shipyards," and he went on to say that he intends to "charter" these two main groups.

The minister said that production by French shipyards has declined by 50 percent since 1975 and employment has gone down by 33 percent during the same period. The annual sales volume today is about 5.6 billion francs, 70 percent of which is for export. In employment, shipbuilding accounts for 20,000 direct jobs and as many indirect jobs.

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CSO: 3519/55.

BRIEFS

NAVAL CONSTRUCTION OUTLOOK--The Shipbuilders and Marine Machinery Manufacturers Committee has just published its 1981 annual report. This document is a source of valuable statistics and studies on the French and international shipbuilding industry. In concluding its report, this French professional organization refers to a dual concern. First, there is the imbalance between supply and demand in shipping which arose following the 1973 crisis and seemed to have been improving in recent year, but in 1981 was again noteworthy because of a decline in sea trade, which was greater (5 percent) than the near-stagnation (-0.2 percent) in the capacity of the world fleet. Secondly, however, France, like the other European countries, has noted with concern that some countries (South Korea is named as one) are "absorbing an increasing share of world orders for new tonnage, without worrying about maintaining a balance between supply and demand" and without any correlation between their activities and their relative share of international maritime trade. Despite these reservations, French builders are not too apprehensive since they are expecting an upswing in business "during the first half of this decade." Thus they feel it is important for the government to increase its support, both to encourage domestic orders and to maintain their share of the export market in highly specialized areas. [Text] [Paris LE NOUVELLE REVUE MARITIME in French Sep-Oct 82] 9805

ELECTRICAL AND ELECTRONIC INDUSTRIES--France-Transfo, a subsidiary of Jeumont-Schneider and Merlin-Gerin, is investing in Mexico, Mexicans will hold a majority ownership in the new company. France-Transfo, which is studying an additional installation project in Lorraine, exports 40 percent of its production. [Text] [Paris LES ECHOS in French 21 Oct p 8] 6108

CSO: 3519/87

ECONOMIC DIFFICULTIES, AUSTERITY PROGRAM VIEWED

Zurich NEUE ZUERCHER ZEITUNG in German 3 Dec 82 p 13

[Article by "rg.": "Frosty Economic Climate in Netherlands--No Upswing in Sight"]

[Text] Brussels, late November 1982--The Dutch economy is in a state of gross imbalance. According to forecasts by the National Planning Office in 1983 the number of unemployed will climb to an annual average of 690,000--compared with "only" not quite 250,000 at the beginning of this decade--real national income and the volume of production will stagnate, and real consumption will drop 3 percent (2 percent in 1982). Gross investment (not including housing construction, which is also dropping) will increase a modest 2 percent (compared with a drop of 5 percent), and the horrendous public need for credits, as this year already, will amount to about 10 percent of the net national income. The only two bright spots are the balance of payments, which is to rise to a surplus of 19 (compared with 14) billion guilders, and a rate of inflation which is modest by international standards. Prices of consumer goods are likely to drop from this year's 6.5 percent to 4.5 percent. Judging by all these data, an economic recovery still lies in the far future.

Lubbers's Austerity Program

In his government declaration a week ago, Lubbers, the head of the center-right coalition composed of Christian Democrats (CdA) and Liberals (VVD), placed the emphasis on reducing the excessive public deficits in his statements on economic policy. He professed support for a strict policy of economy in order to reduce the surplus of public expenditures from the present 12 percent of the net GNP to 7.4 percent by 1986. This gap in the government budget is traced not least to a social system of above-average generosity by European standards. Logically the new government intends to really wield the red pencil when it comes to social expenditures in order to be able to effect the needed budget reductions of 7 billion guilders a year. Not beating around the bush, Lubbers told the people on 22 November that it was no longer possible these days to finance the welfare state.

Evidently there exists a far-reaching consensus in the Netherlands about the need for tightening belts, so it is not expected that the coming months will witness sizable social conflicts--that is, strikes--such as broke out again in neighboring Belgium this fall. Management and labor managed before

Lubbers' government declaration to agree in principle about foregoing wage rises, reductions in work time and the creation of new jobs. It is therefore also not surprising that The Hague in the government declaration did not make the expected announcement of a wage freeze and partial price freeze. Presumably in order to preserve the social symmetry in taking the indispensable reform measures to revitalize the economy, the bourgeois coalition, however, decreed a freeze in wages and salaries for personnel employed in the public sector, with no increase either in social payments in the coming year. Apart from certain work stoppages among the teachers and transport workers, civil servants have reacted to this government plan with remarkable calm.

Greater Scope for Private Industry

The weakness in investments in the private sector throughout the EEC area has also affected the Dutch economy. The government is therefore trying to make investments more attractive again and generally to confide more in market forces. To improve the investment climate, The Hague provides tax relief for companies and is trying to effect reductions in the field of labor costs, wages and income in order 1) to strengthen Dutch competitiveness and 2) to improve the profitability of companies. With 1.5 percent, the rise in wage unit costs is below the international average already this year and, with a mere 1 percent, will remain so in 1983, according to the forecasts of the National Planning Office. It is another question, however, as to whether the reduction in workers' disposable income by no less than 3 percent (compared with 2.5 percent in 1982) will not exacerbate the recessive trends even further.

"Polite reserve" is what the new coalition is exercising in employment policy--at least for the time being. Anyway, The Hague does not think very much of a general shortening of worktime to get a handle on the unemployment problem. The government will, however, try to get the unemployed juveniles off the street. It plans to employ job seekers of that age category for 32 hours a week. Under Lubbers, however, nothing much is left of the 1982-1983 employment program passed by the old Van Agt government in March which provided 3 billion guilders for measures to reduce juvenile unemployment and promote a better distribution of available jobs--any more than of the plan of the old coalition to pay a bonus of 2,000 guilders for any full-time job converted into two part-time jobs.

Certain Parallels to Belgium

Lubbers' economic reform plan in some points shows a resemblance to that of the Belgian government, but this is not particularly strange since both Benelux countries are suffering from similar cancers--an excessive government share in the GNP, excessive budget deficits (restricting the scope for an urgently needed lowering of interest rates), an awful rise in unemployment and above-average taxes. Unlike its western neighbor, the Netherlands has, however, a markedly positive balance of payments and, consequently, a strong currency--which is also caused by other factors. In both countries an attempt is being made to ram through certain measures

directed toward balancing the budget and increasing the profitability of companies through a moderated wage and income policy. Despite the fact that unemployment has assumed alarming proportions in both countries, Lubbers, unlike his Belgian counterpart Martens, is not making any official attempts to effect a shortening of worktime and an expansion of the supply of jobs. Apparently this is to be left to management and labor. It is, however, possible that one day the pressure on the Dutch government will increase to submit a plan for creating jobs. The reaction of the labor unions and the opposition parties to the government declaration in fact point in that direction. They contain the warning that far too much attention is being paid by the center-right coalition to public reform, whereas the unemployment problem (unemployment soon is likely to reach 14 percent) is being neglected by the government.

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CSO: 3620/123

BUSINESS COUNCIL SEES DIM PROSPECTS FOR INVESTMENT UPTURN

Stockholm DAGENS NYHETER in Swedish 26 Nov 82 p 8

[Article by Mats Hallgren]

[Text] Even if the Swedish devaluation is successful, it may take up to 4 years before industry's investments really pick up speed.

At present, most of the big engineering firms would not invest more even if the government were giving away investment money.

Those two surprising conclusions are reached by the Business Council in its annual report, which will be published early next month.

For several years the Research Association for Industry and Society (SNS) has brought a small number of independent economists together in its Business Council. Their task is to study and present viewpoints on the economic policy without reference to politics.

This year the council consists of economists Ragnar Bentzel, Villy Bergstrom, Lars Calmfors, and Erik Lundberg. Their leader is Bengt Ryden of the SNS.

Recovery

This year's report is entitled "Out of the Crisis?"

The chief interest of the economic policy, and therefore of the Business Council, is to get industrial growth moving and bring about a recovery in industrial investment.

Two chapters of the document are devoted to production growth and capital formation in industry.

In one of those chapters, an attempt is made, with the help of statistical time series, to see what makes firms invest.

The second chapter describes how interviews were held with executives "in the field" to seek answers to the same questions.

Increased Demand

The conclusion reached in the first chapter is that an increase in investment by industry will not occur until the firms increase their production and begin using their current idle capacity.

Putting it simply:

As long as industry has idle capacity in the form of closed plants and/or partly idle machinery, there will be no increase in investment.

And for production to increase, international demand will have to make a comeback.

It is equally important that when the upturn comes, Swedish industry should have a cost situation enabling it to keep up with the upturn--and preferably to keep up with it a little better than other countries so as to capture shares of the market.

The old philosophy, which said that industry's investments could be increased by such government measures as reducing capital costs, is rejected by the Business Council.

The poll of engineering firms confirms that conclusion.

Capital costs are far less important than was previously thought.

Despite rising capital costs in recent years, no "shortage of capital" has occurred among the firms interviewed.

The report also says:

"Most of the firms admitted that they would not be likely to invest more even if the government handed out investment funds."

According to the Business Council, the government therefore cannot stimulate the desired wave of investment through subsidies.

Structural Sickness

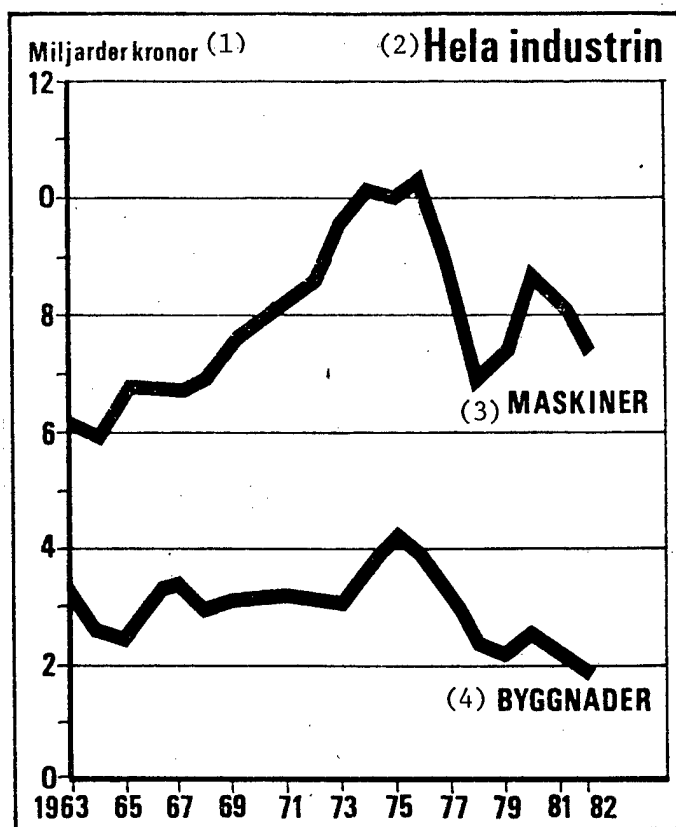
On the other hand, last fall's devaluation represents an attempt to get Sweden out of its structural sickness at last. The devaluation may provide a lasting cost reduction that will stimulate increased production and rising investments.

But the Business Council warns that it may take time--a long time.

Many firms have been "burned" by poor investments made earlier. Faith in the future has been thoroughly destroyed since the mid-1970's.

This time, the firms want to be sure of the upturn before they start expanding again.

Even if the devaluation is successful, it may take several years before extensive investment activity gets underway. The Business Council says it may take as long as 3 or 4 years.



The graph shows how investment by industry changed between 1963 and 1982. The steady growth of the 1960's has changed into several years of decline. Getting those curves to turn upward again is the goal of the economic policy. (Source: Central Bureau of Statistics.)

Key:

- | | |
|-----------------------|--------------|
| 1. Billions of kronor | 3. Machinery |
| 2. Total industry | 4. Buildings |

11798

CSO: 3650/58

PAPER CRITICIZES LATEST GOVERNMENT ECONOMIC MEASURES

Stockholm DAGENS NYHETER in Swedish 26 Nov 82 p 2

[Editorial by Nils-Eric Sandberg: "Three Words of Warning"]

[Text]. With its 16-percent devaluation, the government has totally changed the conditions for the economic policy. The past year's gradual lowering of the rate of inflation will soon be changed into a fast rise on the order of 12 to 15 percent. Compensation for all the politically sensitive groups and the government's irresponsible election promises will push up the budget deficit from about 75 billion to between 90 and 100 billion kronor.

A devaluation cannot be withdrawn. This means that the opposition--that is, the three nonsocialist parties--are ending up in an odd situation: they (presumably) do not approve of the devaluation as an economic strategy, but they must plan their own political efforts according to its conditions.

The three nonsocialist parties accept higher subsidies for families with several children. The Center and Liberal Parties also approve of giving more billions to the AMS [National Labor Market Board] as a temporary remedy for unemployment. Otherwise, all three parties are rejecting all of the government's tax increases. There are two main arguments: the government's proposals are very poorly drawn up and completely lack any analysis indicating that they will lead to the intended result. Moreover, the taxes will not only increase inflation but also reduce savings in the form of productive investment. The government wants to direct capital into productive investment (or says it does), and savings in the form of stock purchases are an important indirect source of savings for industry, but with its new triple taxation, the government is rendering such savings impossible from the private economic standpoint.

The opposition's criticism of tax increases can be summed up by saying that the burden of taxation is currently so high that further tax increases will weaken the tax base and therefore not result in higher tax revenues in the long run. That line of argument is now getting support from most union economists.

The Conservatives and Liberals in particular point out that an increase of between 25 and 30 billion kronor in the budget deficit will become self-generating through a vicious interest spiral: the deficit will increase the interest on the national debt, which will increase the deficit, which will increase the interest, and so on.

The Social Democrats are increasing government spending and thereby increasing the budget deficit, the money supply, and inflationary pressure. This means that interest rates will also increase, and with them the financial obstacle to the investments that the government wants to produce. Constantly increasing budget deficits will become a built-in mainspring of inflation in the economy and a financial straitjacket on economic policy.

But it would be becoming of the opposition to admit that the government has inherited a budget deficit of 75 billion kronor, that at least two of the three nonsocialist parties started government borrowing to the tune of 50 billion kronor, and that up until 1982, the nonsocialist governments had not succeeded in reducing the budget deficit.

It may be that the government, regardless of party color, has lost control of public spending. There are many indications of it. And that is what is serious.

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FAMILIES WITH CHILDREN TO SUFFER DECLINE IN TRANSFER PAYMENTS

Stockholm DAGENS NYHETER in Swedish 25 Nov 82 p 10

[Article by Olle Rossander]

[Text] Sweden's poor financial situation is increasingly affecting the wage earner. Worst off are families with children that have just gone into debt to buy their first home. Things will not get better even if the economic situation improves in 1983 and inflation declines. If anything, things will get worse because interest levels will remain high.

That depressing news comes from Goran Wikner, economist at the Savings Bank.

"There is no doubt that families with children have been hard hit by developments and that the gaps between the various groups have widened.

"Things have gone best for young people with jobs. They earn high wages--and reach top scale in just a few years--and have few expenses. Older people--ATP [general supplementary pension plan] pensioners and wage earners whose children have left home--have also fared better."

It is not news that real wages for most wage earners (and, consequently, their standard of living) have declined in recent years. It is the uneven way in which this has come about, due in part to the government's budget deficit, that Goran Wikner wants to draw attention to.

Food Most Expensive

Prices are rising faster than wages, but some prices--food and rent--are rising faster than others. From May 1979 to May 1982, the total index (prices) rose by 39 percent. But food prices rose by 44 percent, and rents were up by 41 percent.

Those two items take perhaps 75 percent of the incomes received by families with children, and that hurts.

During the same period, interest levels rose from about 10 to 13 percent, and this hurts those taking out new home loans--chiefly young families with children. At the same time, interest rates on government loans are up, and those loans must be paid back in a shorter time.

Transfer Payments to Households, 1979-1982

From society	Millions of kronor, 1979	1980 prices, 1982	Percent
Child allowance	5,030	4,318	-14.2
Student aid, etc.	2,269	2,252	- 0.7
Housing allowance	2,723	2,014	-26.0
Labor market training	4,008	3,548	-11.5
Health insurance ¹	14,338	11,114	-22.5
Pensions ²	50,547	56,051	+10.8

1. The number of sick days per person dropped by about 18 percent.
2. Including old-age pensions, ATP, and partial pensions.

"For young families with children, there is often not much left after housing and food have been paid for," says Goran Wikner, and he displays a table that will surely surprise many people.

Subsidies Down

Goran Wikner emphasizes: "At constant prices, the subsidies paid to households by the central government and the municipalities have also declined over the past few years, especially the subsidies that mean the most to families with children. Only pensions, unemployment insurance, and parents' insurance have increased.

"The purchasing power of child allowances has dropped sharply for households, and since the number of children has not changed perceptibly, the result is less cash for families with children.

"It can be seen that housing allowances have dropped substantially at constant prices, and housing is a big item in most people's budgets.

"At the same time, because of the poor financial situation in the municipalities, most people have been hit by sharply higher rates and fees--especially for babysitting.

"This uneven development, which has been hardest on families with children, is due to the fact that when politicians develop a zeal for cutbacks, they vent it primarily on social transfer payments--allowances and subsidies of various kinds.

"It really makes no difference what your income is. Marginal taxes and allowances and fees based on income quickly even out wage differences. Generally speaking, the cutbacks made by the politicians have hit all families with children regardless of income."

Difficult To Borrow

The budget deficit also hits borrowers hard--Goran Wikner believes that interest rates will remain high, although there may be a temporary drop this spring. Individuals will not find it easy to borrow money even if the economic situation improves in 1983, because the money that becomes available will go to cover the government's deficit and industry's investments.

"What are people supposed to do? Well, many of them can sell their summer cottage and perhaps take a second job. Anyone thinking of borrowing money for a big purchase should give it very careful thought and take a critical look at the terms of the loan. It pays to save first.

"Many people no longer have any reserves. The opportunities for belt tightening have varied greatly from household to household."

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CSO: 3650/58

BRIEFS

CAPITAL FLIGHT REPORTED--Nearly 4 billion kronor have left the country in the past month. In the past 2 weeks alone, the outflow totaled 3 billion. This outflow was unexpected and is exceeded only by the amount that left the country in the weeks preceding the Swedish devaluation. Since this year's deficit in Sweden's balance of current payments is expected to exceed 20 billion kronor, money "must" leave the country. But the outflow over the past few weeks is more than can be accounted for by the deficit. Immediately after the devaluation, Sweden's foreign currency reserve had climbed to 29,472 million kronor. Since then, the National Debt Office has used part of that to pay off foreign loans, but not during the period covered by the latest weekly report, when the outflow nevertheless totaled 1,565 million kronor. The foreign currency reserve has dropped back down to 23,625 million kronor in the 1.5 months since the devaluation. [Text] [Stockholm DAGENS NYHETER in Swedish 26 Nov 82 p 8] 11798

NEW STOCK TAX PROPOSAL--Government subsidies to tax reserve savings--which will be reduced in 1983--will be eliminated altogether in 1984, according to Kjell-Olof Feldt. Instead, the government is considering the introduction of index-linked bonds and promissory notes as a new source of funds from the public for covering the budget deficit. The 20-percent tax on stock dividends for 1983 will not be repeated in 1984. A new provisional profit sharing plan for 1984 as well will be determined by how the business community manages its profits from the devaluation. Exaggerated wage drift during 1983 may lead to new demands from the wage earners for a share of the profits. [Text] [Stockholm DAGENS NYHETER in Swedish 24 Nov 82 p 8] 11798

CSO: 3650/58

FPOE'S STEGER ON PARTY'S POLITICAL GOALS

Vienna PROFIL in German 29 Nov 82 pp 22-23

[Interview with FPOe [Austrian Liberal Party] Chairman Norbert Steger by Franz F. Wolf: "Androsch Can Direct Nationalized Industry Better than Kreisky"]

[Text] PROFIL: What does Norbert Steger actually do except make the headlines from time to time?

Steger: Unfortunately far too few headlines, because it is also a politician's job to produce headlines. In the past 18 months I have concentrated on three categories of subjects. First, fighting corruption in connection with the AKH [General Hospital] investigation committee. A continuation of that was the "Liberal Market Economy" conference, which led to my knowing much more about economics than before. And the third point of emphasis is the attempt to get out of a foreign policy whose purely pragmatic meaning is that the status quo must be maintained with as little change as possible.

PROFIL: As chairman of the AKH committee you enjoyed great popular support. Riding your coattails, the FPOe climbed to 9 percent of the vote. To a large extent this has been squandered in the meantime, with the FPOe, according to all opinion polls, scoring about 6.5 percent at present--only barely more than in the 1979 elections. Have you done some dismantling?

Steger: It is true that with the AKH a high point was reached in the opinion polls. The figure of 6.5 percent is a new one as far as I am concerned...

PROFIL: ...It is; it dates from early November...

Steger: The figures I am given are consistently over 7 percent. But that is arguing about trivia. We will have to fight hard, and we plan to use some contents which state why it is important after everything that has befallen the government not now, of all things, to let the government triumph in the election. It would interpret that as a mandate to continue with all the mistakes--I would go so far as to say, stupidities--of the past.

PROFIL: Your starting position for the election campaign is not exactly a rosy one. In Burgenland the FPÖe did not manage to get into the Landtag [provincial diet], in the Salzburg municipal elections it suffered heavy losses and changed leaders, and in Graz, where municipal elections will take place in January, the FPÖe trembles in fear of the Alternative List.

Steger: These are totally different things. In Burgenland we virtually do not exist, but wherever we have built anew we scored enormous successes. In Salzburg, we, as well as the other two established parties, were presented with the bill by the voter--I would say rightly so. We cleaned up very, very fast in Salzburg. We have a new young leadership team. In Graz, I continue to hope we will gain seats. I think the Alternative List, which talks about an economic model a la Yugoslavia, is more likely to take votes from the SPÖe [Austrian Socialist Party], hardly from us. I expect us to gain one or two seats.

PROFIL: Are you not making the stakes rather high for Alexander Goetz...?

Steger: They would be high if I said that as a result of the mayor's bonus he would do as well as last time, when it was five seats.

PROFIL: At present the FPÖe once again is debating a change in policy. One is approaching the formula coined by your predecessor, Alexander Goetz: Attack rather than accommodate. Having after all, made intensive attempts to become worthy of being included in a coalition, are you returning to the Goetz line? Fight and remain in opposition?

Steger: In my time there have been constant hard attacks. Let me just recall the AKH situation and the confrontations in the judicial field. Precisely the situation in Salzburg showed, however, that we have to be careful not to be regarded as an established party constantly sitting on the running board. I would like to draw the attention of the public to this: The real power is called Socialist Party, with the ÖVP [Austrian People's Party] being able to participate a little here and there. We are the opposition party pure and simple, and we are preparing, in case it comes down to it, calmly to continue in that role also after the next election.

PROFIL: Your attempt to play coalition a little--for instance, in the case of appointing Hannes Androsch director general of the Creditanstalt bank--did not go down well with the public.

Steger: That was something temporary. At that time already, we made it clear that we are not the extended arm of the Federal chancellor for removing people with different opinions.

PROFIL: How is the voter to understand this argumentation: We did not help the Federal chancellor by doing what the Federal chancellor wants?

Steger: You can now see from the various statements how much the Federal chancellor wants it. We consider Androsch extremely well qualified.

PROFIL: You recently proposed that Parliament should elect an independent economic expert to head the entire nationalized industry. Would Androsch be that top dog for nationalized industry?

Steger: Personally I am convinced that we are not in an economic crisis but in a deep political crisis which, if things are allowed to continue this way, can lead to a serious economic crisis. This is most pronounced in nationalized industry.

PROFIL: Surely the international steel crisis has nothing to do with party politics.

Steger: Expert assessments to the effect that this was found to happen in the early eighties were submitted as long as 10 years ago. For political reasons, the assessments were never dealt with the way they deserved. I think it is important for it to be made clear now for the first time that the Federal chancellor himself bears the responsibility for this state of affairs. He is accountable for the policy that has now led to the crisis development. We want to point up alternatives to the wrong way in nationalized industry and, secondly, reduce somewhat the wrong political influence in nationalized industry. For that purpose, Parliament should elect an owner's representative. I am looking only for someone who knows more about economics than the Federal chancellor, and that does not appear to be difficult. In his party he would, for instance, have Dr Androsch, whom I would definitely trust to have the ability to reform nationalized industry.

PROFIL: Hannes Androsch as president of nationalized industry, in other words?

Steger: It would be a feasible way. He certainly would be in a position to prevent the mistakes now being made in nationalized industry. He also would have the good contacts with the union required to implement meaningful structural reforms.

PROFIL: You have been strongly critical of the 3.5-billion subsidy of nationalized industry. If nationalized industry did not get the funds, there would have to be layoffs. Are you for unemployment?

Steger: No. I maintain that continuing production of what cannot be sold will lead to far more jobs falling by the wayside. The shaky enterprises are subsidized until, with subsidized prices, they also ruin the still functioning enterprises.

PROFIL: You think that subsidizing leads to unemployment?

Steger: It leads to unemployment unless at the same time measures are taken to prevent past mistakes from being made in the future. One definitely can pump in money, but only with structural impositions [Strukturauflagen]. I continue to subscribe to the old Jewish saying: Don't throw good money after bad.

PROFIL: Who prevents nationalized industry from implementing this structural reform?

Steger: Politicians are preventing structural adjustment by constantly telling the works, "Nothing needs to be changed where you are, because you'll get subsidies from us as it is." And the companies are even told: "You must not change anything, because you must not make our workers insecure." In addition there has to be of course a political debate about what Austria could produce better, more productively. There are deliberations about infrastructure. The basic idea is: If need be, I can put up with indebtedness amounting to scores of billions if the money comes in again at some time or other. For instance, by way of saving energy. It is necessary to make a giant push forward in investments, with a better infrastructure as the aim; that is also a way of attaining an enormous employment effect.

PROFIL: The magic formula is a new Gruenderzeit [industrial expansion in the 1870's]?

Steger: The magic formula is to develop a new belief in the future and to permit ideas rather than prevent them by majestic decree of the Federal chancellor.

PROFIL: Speaking of belief in the future: 18 months ago your election aim was gaining two seats. Is that still the case?

Steger: I continue to regard that as a realistic aim. That of course also depends on fringe conditions---for example, in which provincial organization of the FPÖe the work is going on. If a provincial organization is involved in internal argument nothing can be gained there, and this of course reduces the overall result.

PROFIL: At present two provincial organizations are involved in internal arguments--Salzburg and Styria. Does that mean that nothing can be gained there?

Steger: In Styria, that will be seen in Graz at the municipal election. In Salzburg, there is a new leadership team. The party in Salzburg has to show that it has some ideas and not just wants a few seats itself. It is not enough of a motivation for the voters to say that Steger would like to have a seat or would like to be in the government. A credible motivation is to signal to the voters what we are particularly well qualified to accomplish. The Liberal Party is a fairly small flexible, creative party offering good ideas on the political marketplace.

PROFIL: But that is a careful change in your aims. For a long time you somehow wanted to get into the government, and now you apparently are content with being in opposition.

Steger: I think being in opposition is so important a task that I place it on the same level as being in power. I am sure there are some in the party who think otherwise because they have been in opposition a very long

time. Personally I apparently am well suited to being in opposition, and I can imagine continuing to be in opposition again after the election. If the two big parties want to work together, they do not need us as additional weight. Let them go ahead and do so, and we will assume the role of opposition. If the two big parties (and that is the preliminary question) do not want to work together, we are open to discussion.

PROFIL: It would not be a misfortune for the FPÖe to remain in opposition?

Steger: It would be no misfortune if we weathered the election at the same time.

PROFIL: Weathering it means gaining additional seats.

Steger: If that does not happen, it would be proof for those in power at present that all the mess which has been uncovered is in fact not taken seriously by the voters. It would be taken as confirmation that one should proceed as before in many things. Changing the old saying "Vienna remains Vienna--what a threat!" this would mean: "Austria remains Austria--what a threat!" Or "the government remain as is." I cannot make any more negative comment.

8790

CSO: 3620/124

FOREIGN MINISTRY BUDGET CUTS TO CAUSE CONSULATE CLOSINGS

Copenhagen AKTUELT in Danish 2 Dec 82 p 14

[Text] Foreign Minister Uffe Ellemann-Jensen (Liberal Party) wants to close the Danish embassies in Peru and Ghana and the consulate-general in Rio de Janeiro in Brazil. The Danish representations in Alaska and Puerto Rico were already closed down last summer. These measures constitute part of the cuts and reorganization taking place within the foreign service.

During consultations with the Finance Committee of the Folketing yesterday, Ellemann-Jensen explained the plans which mean cuts in the Danish representations in Latin America and West Africa and an increase in the activities in South-East Asia, Western Europe and the Arab peninsula.

The export cooperation will be strengthened, among other things, by sending out more trade representatives and through increased contact between the Ministry of Foreign Affairs and minor and medium-sized Danish enterprises.

Staff to Be Cut by 5 Percent

Within the domestic foreign service, the staff will be cut by 5 percent, corresponding to 45 staff members. This will take place through natural retirement.

At the Danish representations, the energy consumption will have to be cut, radio communications will have to be limited, and Danish embassy buildings will have to be purchased to a greater extent than hitherto as they are less costly than costly leases.

Chairman of the Finance Committee, Svend Erik Hovmand (Liberal Party) states that the committee has asked Ellemann-Jensen for a written report on the consumption of resources at the approximately 100 Danish representations abroad.

At its meeting yesterday, the Finance Committee postponed its consideration of four applications for grants. Only a state loan for the School for Semi-Skilled Workers at Århus was approved, whereas the decision on additional subsidies of millions of kroner to the Greenland Trade Department, contributions to the UN peace-keeping force in Cyprus and funds for the Ålborg University Center were postponed.

7262

CSO: 3613/35

POLITICAL LEADER PROPOSES POLAR NUCLEAR-FREE ZONE

Godthaab GRØNLANDSPOSTEN in Danish 24 Nov 82 pp 23-24

[Commentary by Finn Lynge: "Arctic Policy Seen From Greenland"]

[Text] "The days are simply gone when a small people was able to maintain its identity, its pride and its values without taking the necessary measures to protect itself. But not everybody has the possibility of taking such measures. Therefore, there is a need for nothing less than an international charter, a charter of the Arctic, guaranteeing them the necessary influence on the educational system to which their children are subjected, the radio and TV programs to which they are exposed, the magazines and books which they receive."

Six nations border on the Arctic Ocean and are as such obligated to formulate an arctic policy, if only for themselves. They are the United States (Alaska), Canada, Denmark (Greenland), Iceland, Norway and the Soviet Union. To this date, these six nations have only succeeded in agreeing on one single thing: preserving the polar bear. This was done in a joint treaty of 1973, under which all hunting of this magnificent animal was prohibited--except for the traditional hunting on the part of the aboriginal population.

The said treaty is an excellent thing, but nobody will, of course, claim that the possibilities of arctic cooperation have thus been exhausted. Among the arctic activities is a long list of areas where cooperation and coordinated efforts become increasingly needed. In the following, I shall briefly outline five such areas.

Law of the Sea

If it had not been for President Reagan's policy of obstruction, one of the hitherto most ambitious initiatives on the part of the United Nations, a global legislation governing all the oceans of the world, would already at this time of writing have been brought to a successful conclusion in the form of a big, joint convention, duly signed by everybody.

Even if things have not gone as nearly everybody else had desired, the Conference on the Law of the Sea should not be regarded as a failure. Many things have been

arranged and are already now established custom law. This applies, for example, to the 12 nautical mile national zone and the 200 nautical mile so-called exclusive economic zone. These rules, of course, are unconditionally supported by Greenland and simply form the basis for any sensible fishing policy.

On one point, however, there may be reason for criticism. In spite of the fact that nearly 20 percent of oceans are permanently covered with ice, only one of the 320 articles of the convention concerns ice-bound waters. It is a question of Article 234, which stresses the special responsibility of arctic nations in respect of the vulnerable marine environment and codifies their right to take action against activities causing pollution in waters covered with ice. The said article, of course, is quite appropriate, but, as it is, it cannot cope with the problems with which we in Greenland are faced in connection with the development of the large resource winning projects in the arctic regions.

It is true that the Danish delegate to the United Nations was not contradicted when, in New York, in the spring of 1982, he officially announced that, from the Danish/Greenland side, also underwater noise is regarded as a form of pollution, but we would like to see this expressed explicitly in the wording of the article, or that separate articles deal with this problem.

In any circumstances, it is the position of Greenland that Article 234 must be interpreted restrictively for the benefit of the living resources of the Arctic Ocean, and that it must be strictly observed. The evaluation of the harmful effects of the industrial projects to the environment in the Arctic Ocean should take place under the observance of 100 percent honesty (which is no matter of course), and the protection of the renewable resources should be given priority over the exploitation of resources which are not renewable. What is the good of the benefit to South Canada of arctic natural gas for 20 years if it will be at the cost of extinction of the marine mammals in the whaling and sealing regions within the foreseeable future.

Fishing, Sealing, and Whaling

Contrary to what many people believe, the Arctic Ocean has an extremely rich biological life. The aboriginal peoples of the arctic regions have always valued the renewable resources of the land and the sea more highly than anything else, and nobody here wants to see fish, birds or marine mammals threatened with extinction. For future generations will also have to live on them.

The positions taken by southern societies on this point are contradictory and incomprehensible to us. On the one hand, it is declared immoral to kill a seal and wear its skin. On the other hand, they do not refrain from planning supertanker traffic right across the homeland of seals, a traffic which threatens entire populations with total extinction. We do not feel immoral because we eat a seal or a whale or wear sealskin or the skin of a reindeer. But we feel that we are faced with some kind of blind hypocrisy when fighting against import restrictions on sealskin, legal measures which are based on

unscientific and sentimental nonsense, at the same time as the same legislators give the green light to projects which threaten the basis of existence of the entire arctic fauna.

Life in the arctic region is there for us to protect it so that we may live on it and protect it well enough for our descendants to continue to live on it as well. That is why it is the policy of Greenland that all sealing, whaling, and fishing be kept within the limits set by internationally recognized biologists, and that the regard for the resources of the sea floor and the underground be subordinated to the regard for the fauna moving over the sea floor.

Communications

Communications in the arctic regions have far too long been maintained through south-north corridors: Copenhagen-Greenland, Ottawa-Northwest Territory, Oslo-Svalbard, etc. The historical background to this state of affairs is clear enough, but the time has now come to develop strong and permanent connections in east-west direction as well. Greenland needs the connections to the east to Iceland and the Faroes, and they will, no doubt, be established once we are out of the EC. Greenland, Iceland, and the Faroes have vast economic interests in common. To North America, Greenland has at the moment a weak connection to Frobisher Bay in North Canada with a somewhat doubtful passenger traffic and freight basis. Unless Greenland before too long turns just a little more of its commercial interest toward Canada, that connection will probably be jeopardized. It would really be a pity if this single little thread to North America would be broken. We in Greenland need a connection to our kinsmen, the Inuit in North Canada and Alaska.

There is a need to formulate a superior foreign traffic policy for Greenland. Who knows, it may come the day when the home rule government takes over the traffic policy, and the monopolies of the Greenland Trade Department and SAS are terminated. It is, after all, bound to happen some day.

Culture

There is a need for a coordination of the cultural policy for the aboriginal peoples in the arctic region. Each of these small peoples around the Arctic Circle has experienced pressure from the south in respect of their life style, their education, their languages and their culture. In many places, the original languages have practically disappeared, and the TV era does not make matters any easier.

The days are simply gone when a small people was able to maintain its identity, its pride and its values without taking the necessary measures to protect itself. But not everybody has got the possibility of taking such measures. Therefore, there is a need for nothing less than an international charter, a charter of the Arctics, guaranteeing them the necessary influence upon the educational system to which their children are subjected, the radio and TV programs to which they are exposed, the magazines and the books which they receive. Every small people must have both the right and the possibility in practice of hearing and reading its language publicly and of participating in shaping its own cultural future.

Much praiseworthy attention is devoted to endangered species nowadays. But far too many people fail to realize that the Arctics are an endangered species as well.

Security Policy

Most people in the extreme North are of the opinion that they live in the safest and most indefeasible corner of the world. Nothing is more wrong. The polar region is a strategic area of the greatest importance. Should a major war erupt, the superpowers will exchange their intercontinental missiles via the shortest route, which is across the Arctic Ocean, and if the Russian submarines are to choose an area from which their missiles may with equal facility reach both the American and the European industrial centers, it will be the waters around Greenland. Should a major war break out one day, missiles and anti-ballistic missiles will start crashing down on our heads up here.

What are we then to do about the mad race in which the superpowers are engaged?

There is not much we can do about it, but we should like for the entire Arctic region, in the future, to be comprised under a convention, signed by all five arctic nations and guaranteeing the arctic region as a nuclear-free zone. That, of course, would not mean that the weapons of hell would not be sent through the air the day a nuclear war broke out--for they would anyway--but we could at least then avoid the deployment of nuclear weapons in times of peace.

Furthermore, one might in that case conceive of the arctic regions being used for an alternative strategy, an area where all parties tested their mutual confidence and cooperation as a form of coexistence instead of, as now, suspicion and trench policy. It is fine that the polar bear has been preserved, but there are, after all, other things than bears up here. There are, for example, scientific ice floe stations, there are meteorological observation stations, there are glaciological and oceanographic expeditions--there are lots of things. Many areas, where, without any major risks, a more far-reaching and coordinated cooperation might very well be attempted.

An international convention on the Antarctic regions has been concluded. There, they were able to agree. But no corresponding convention exists for the Arctic regions. At some point, one has got to start talking about it.

The above commentary is an excerpt of a lecture given by Finn Lynge during his tour of the United States in connection with the cultural program "Scandinavia Today." The manuscript has undergone minor changes due to the differences between the written and oral usages of language.

7262

CSO: 3613/34

GREENLAND PREMIER: RESPECT HOME RULE; ENFORCE FISHING QUOTAS

Copenhagen BERLINGSKE TIDENDE in Danish 9 Dec 82 p 6

[Article by Michael Ehrenreich]

[Text] The premier of the Greenland home rule government, Jonathan Motzfeldt, warns the Danish government to respect the concept and content of the Greenland home rule against the background of the dispute on fishing quotas off West Greenland.

"We have seen that the Danish foreign minister did not want to comply with requests from Greenland to stop West German cod fishing, and we have seen the minister for Greenland simply give away 200 tons of shrimp without prior negotiations with the home rule government. That gives us reason to question the loyalty of the Danish government to the home rule government," Jonathan Motzfeldt says.

"We are about to ask Minister of Internal Revenue Isi Foighel to inform the members of the Danish government of the concept and content of the Greenland home rule," the Greenland premier adds.

Isi Foighel was formerly chairman of the committee which prepared the introduction of home rule in Greenland.

"The home rule in Greenland is a political compromise which we are obligated to develop in full confidence between Denmark and Greenland. It means to us that this country's home rule government and parliament must have a decisive influence on this country's development in all areas. On the other hand, we from Greenland will never think of telling the Danish government what it is to think of the developments within the Danish society--nor in respect of questions which concern the international situation," Jonathan Motzfeldt says, adding that "national solidarity must be developed with the same obligatory content both from the Greenland and the Danish sides."

The fishing dispute has caused repercussions also in Denmark. Former Minister of Fisheries Karl Hjortnæs yesterday described Minister for Greenland Tom Høyem's decision to grant 200 tons of shrimp to Danish fishermen as being in contravention of the legislation governing ministerial responsibilities, and former Minister for Greenland Tove Lindbo Larsen has requested consultations with her successor in the Folketing.

Minister for Greenland Tom Høyem yesterday responded to the criticism, stating that the shrimp was allocated on 21 June in a meeting in which government officials of the two former ministers participated.

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VOGEL ON ECONOMIC, DEFENSE POLICY, COALITION POSSIBILITIES

Hamburg DIE ZEIT in German 5 Nov 82 pp 3, 4

[Interview with Hans-Jochen Vogel: "I Don't Intend to be a Sacrificial Offering"
Interview conducted by DIE ZEIT staffers Hermann Rudolph and Theo Sommer;
time and place not indicated]

[Text] [Question] The SPD executive council wants you to be that party's candidate for the chancellorship in the March 1983 elections. Does this represent some kind of sacrificial offering? Have you become your party's specialist for this sort of self-sacrifice?

[Answer] There was a long process of reflection that preceded my decision to say yes to this challenge--and this aspect of it was a matter of some concern to me. But my having said yes does change the situation. Having said yes means that the challenge was accepted. That means accepting the challenge with the intention of seeing in the end not a sacrifice but a victory. This has happened before in my lifetime more than once.

[Question] When you survey the political landscape of the Federal Republic, does your analysis of the balance of political power, the mood of the voters, the currents of public opinion, offer any signs that might point to the possibility that your candidacy is not an act of self-sacrifice?

[Answer] There are a number of signs that make this at least not an impossibility. The first indication is that, despite strong efforts in Hesse as well as in Bavaria and also in Freiburg, the number of those people who approved of the change [in the coalition] was less than was generally anticipated and the total of those people who rejected that change in whatever way was open to them, was greater than had been anticipated.

A second one is the fact that I can take up this challenge in a way that represents something of a departure from tradition. I can represent an alternative, a different option, if you want to call it that: one that is closer to the feelings and the interests of ordinary citizens and not one fixed exclusively on Bonn, and it's my impression that this will certainly not be a disadvantage.

A third factor is the high degree of motivation within my party as a result of recent events and changes.

[Question] The alliance between the SPD and the FDP has been shattered. By itself the SPD has no prospects for a majority. Do you see any possibility at all that either the old coalition might be restored or that new coalition constellations might be explored?

[Answer] All of us, since 17 September, have become somewhat uncertain about the assessment of what had seemed to be fairly well-founded predictions; at least I've become less certain. This is why I would not rule out beforehand any of the possibilities that might be suggested as to how a Bundestag, which is to be elected on 6 March, might be constituted. As a realist, I would, of course, lay out a certain sequence of priorities of their probability...

[Question] What does this look like to you?

[Answer] ...though I wouldn't exclude any of the possibilities--even the possibility that the SPD might, contrary to general expectation, emerge from the campaign as the largest fraction.

[Question] So to speak, a general uprising against the coalition switch and in favor of the SPD?

[Answer] There are still a number of other alternatives. For example, the alternative of a broad-based reconciliation of groups among the voters, instead of their needless polarization. I can conceive of this as cutting well into the following of the Union parties and even into the other end of the spectrum as well. This might seem to people to make more sense and to be more productive for the times that lie ahead of us than splitting our people down the middle, with some of us, having been enticed by exaggerated and inflated alarmist rhetoric, taking refuge behind our walls while the others continue on their course, seeking to find new challenges in the future.

[Question] What might happen if, after 6 March, conditions were to prevail in Bonn like those in Hamburg?

[Answer] The parallel to Hamburg has only limited application. The difference is first of all, that the acting Federal administration, in this case, would be the present one--which would produce a particularly original aspect of things--if, say, individual members of this acting Federal administration were no longer to have any representation in the Parliament.

The second difference with respect to Hamburg is that--and in saying this, it is not my intention to draw the chief of state into the discussion before such action is appropriate--according to our constitution, it is the President of the Federal Republic who must act. Article 63 of the constitution imposes upon him the obligation of nominating a chancellor who is capable of achieving a majority. For this reason alone, such a move needs to be treated with less inflated rhetoric.

[Question] The question was directed at your sequence of priorities. You spoke of three possibilities.

One of them would be the attempt to renew the alliance with the FDP. Would Hans-Jochen Vogel be willing to do that, remembering that the election success that he scored in Munich-North in 1980 owed in part to votes on loan from the FDP?

The second would be a continuation of the line taken in Hamburg--the attempt to make the Greens accept parliamentary forms and thus be capable of acting within a coalition so as to be able to come to some kind of governing coalition in this way?

The third possibility would be that which you've already indicated: a much broader coalition. Could this take the form of a Grand Coalition?

[Answer] There can only be a definitive answer to the first question once the FDP national convention in Berlin has been concluded. The answer depends upon the resolutions that this national party convention passes with respect to the person and the issues. But to come to the point: a coalition with an FDP headed by Herr Genscher, would be--to put it politely, and I see no reason to be anything but polite even on such issues as this--a very remote possibility. Without making use of the kind of rhetoric that has sometimes been employed under the pressure of emotions: Herr Genscher, for the rest of his political life, is going to be exposed to the question of how long any statement that he makes is going to be regarded as true and of how credible any of his explanations will be. This makes for very poor odds for the success of a cooperative political effort of such an intensity as a coalition requires.

The second and the third of your questions are related to each other.

[Question] Red-Green coalition and Grand Coalition.

[Answer] I don't see any possibility of a coalition in either direction. I do, however, see an obligation imposed upon us in the event of such a decision by the voters, to explore on both sides where support on particular issues raised during the campaign might be found--support on particular issues. This is what will be explored. This doesn't mean a coalition.

I can venture that there will be a positive response within the Union for the ideas that I have already put forward. My experience of the Union is not based solely on the image that Herr Strauss has projected of it in Bavaria; I know it from a broader spectrum. In the person of Herr von Weizsaecker, for example, with whom agreement exists not just on Berlin and on German policy but also in our attitude toward alternative movements.

With regard to the Greens, it's difficult for me to give you a response because my only experience has been with the Berlin Alternative List for Democracy and Environmental Protection. And there I could list issues where what I have proposed has at least not met with a negative response from the very outset. What the prospects are for the Greens being represented in the Parliament, if it should come to that, I couldn't say.

The fact that some kind of partial coming to terms with the Greens and the Alternatives is not totally alien to the Union is something that I can vouch for through a number of examples from Berlin. There is scarcely any politician that I know who has been more vigorous in courting the Greens than Senator Fink, who, until recently, was Herr Kohl's specialist for such questions. And he was courting them not just with words but also--quite legally--with public funds.

[Question] You say: no coalition with the Greens. The question is, of course: how far can any kind of cooperation go? You yourself have always called the limits by their names: the one limit being the question of violence and the other their relationship to parliamentary government. Do you see any bridges at all that the SPD might extend to the Greens?

[Answer] I'd like to emphasize these two central points once again since they serve to caution us against setting up illusions. I would also add that it is simply a question of experience and logic that movements such as these, that have only recently made their appearance in the legislatures, cannot be measured by the same yardstick that one would apply to parties that have been represented in the legislatures for more than 30 years. This doesn't mean that the demands placed upon them are any greater or any less. It only means that many conceptions and convenient cliches just don't apply that easily.

Let me come to the point: I feel that the Alternative and Green movements are, in their way, the expression of a state of consciousness and an attitude that reaches far beyond these two movements and that this is the manifestation of a dissatisfaction with existing political parties, including my own, that must be taken seriously and of which I can say with certainty that they have to be listened to on more than one issue. There was a graffiti on a wall that I recently walked by that said: "Life is Xerox, you are just a copy." This is food for thought. It tells me that there is a way of making a judgement on the state of consciousness and the feelings of a not inconsiderable body of people.

[Question] Yet there are basic positions held by the Greens that indicate that they are not simply a new party but a very definite anti-party party. You yourself, in Munich at the beginning of the 1970's, expressed very vigorously your parliamentary opposition to the Young Socialists, to the leftists in your own party. You have always been a man who took his stand upon the Godesberg principles. You have played a role in the group "Godesberg and the Present." You had always been an advocate of a large role being assigned to the state in your constitutional thinking; we can remember one article in DIE ZEIT that you wrote...

[Answer] Jochen Steffen on the one page, my article on the other.

[Question] ...concerning Kurt Schumacher's concept of the state. How do you square the one thing with the other?

[Answer] As far as the intellectual substance of my position in Munich in 1971 goes, there is hardly anything that I stated then that I would retract today.

Though at this date I would press my argument with a somewhat cooler temper. The major difference is this--when I entered into that controversy back then, I had never had occasion to have to chew the cud of a political defeat. This is something that I have experienced in the meantime and that gives a man cause for reflection. So I would certainly be calmer, more at ease in the form, in the rhetoric, in the way I would look to approach that kind of conflict.

[Question] But not with regard to the issue itself?

[Answer] Be patient for a minute!

That's the one thing. The other is its substance. At that time, I wasn't dealing with people who were raising basic questions about the value of the legislature. I was dealing with people who were wrapped up very tightly in a dogmatic ideology and were arguing with an almost absolute claim to truth; I called it at that time "handbook Marxism." Today, I would speak out against a dogmatic ideology which makes a claim to absolute truth somewhat more moderately, but just as decisively. If I've learned anything in my lifetime, it is scepticism toward dogmatized ideologies.

The people that we're dealing with today are pretty far removed from dogmatic ideologies; this, in any case, is my experience from Berlin, which is what I have to rely on. They have an attitude toward the Parliament which is not the same as mine, one which apparently handicaps them in their capacity to share in the policy-making process and in their capacity to come to political agreements, if for no other reason than their insistence upon total rotation of delegates and also because they make themselves dependent upon decisions taken in bodies whose makeup is anything but stable.

But I have to say, if only for the sake of the truth being told, that my experience in Berlin has shown me that the Alternatives, in the legislature and in its committees, definitely do cooperate and are also willing to compromise there.

[Question] The question concerned your concept of the state: statism or reliance on the rank-and-file? The imperative mandate is certainly difficult to square with so calm a view of the Greens.

[Answer] My conception of the state in the sense that this state has the right to set standards and that its capacity to protect what is placed in its custody should not be endangered, hasn't undergone any changes. The best evidence for this is probably the time when Schleyer was abducted and Mogadishu took place. You know that it was my conviction as early as the Lorenz case and then later, when the hostages were taken in Stockholm, that the state should not make concessions with regard to its obligation to exercise its protective function. This was then later to become the generally accepted opinion.

[Question] This hasn't changed?

[Answer] This has not changed in any respect.

What may be a new chapter, though: I would be a little more hesitant today than I was once in responding to the question of what people ought to undertake by themselves and what might be bettered and changed by entrusting it to the state.

I would, for example, in the area of social policy, maintain that greater aid for groups which have organized themselves for the purpose of self-help ought to be considered, the idea of cooperatives in the housing sector. A good many Social Democrats are starting to think twice about whether any real change has been achieved when it's entered into the statute books and then left to the administration to deal with.

[Question] Is it your intention, when possible, to cooperate with the Greens so as to squeeze the life out of them in an embrace, or do substantive compromises seem to you to be in order?

[Answer] My dear Herr Sommer...

[Question] Squeezing the life out of them wasn't nice--let's say: bringing them over to your point of view.

[Answer] I'm not inclined either to squeeze anyone to death or to make the conversion of souls into a principle of political action. What I want, is that we listen carefully and that we don't close our ears to their criticism, where such criticism is merited. It's after we've done this that I want to give our response.

[Question] If the only way to achieve a majority in the Bundestag were with the Greens, how far would your willingness for compromise go? Where would the lines have to be drawn?

[Answer] Now I run the risk of giving you the typical image of a politician by sprouting off like a computer, like a machine, six paragraphs of preprogrammed printout and thus be done with your question. That might be the custom, but a little too easy.

There are some things that Social Democrats take for granted, and these transcend all differences of opinion--a consensus on such matters rules out certain compromises or concessions. This is the case with the issue of violence. This is the case with the role of the Parliament--keeping in mind, of course, that there are certain participatory democratic elements such as the generally recognized Bavarian prototype of the referendum that are available when their use is called for. We will continue to take our orientation from the Godesberger Program, which is something that I regard as indispensable. We will not give our approval to anything that runs counter to the concept of social equity. We will not give our approval to anything that constrains the power of the state to protect its citizens, from whatever quarter.

[Question] Is this an affirmation of the Bundeswehr and of NATO?

[Answer] It is an affirmation of the Bundeswehr, one that I would express with the same words as did Willy Brandt did in his two inaugural addresses of 1969 and 1973 and that Helmut Schmidt in his turn also expressed. This is also a point of reference in the Godesberger Program.

With respect to NATO, it is my conviction that the possibilities available to us for averting a catastrophe--even a conventional war would be a catastrophe, a nuclear confrontation would be the absolute catastrophe--, are all the greater within the framework of NATO; this is what has given rise to our affirmation of NATO going back even to that time.

[Question] You were once regarded as belonging to the "Right." You are not any longer seen in that category.

[Answer] The label "rightist" has been stuck on me--certainly not through any fault of mine [sic]--ever since the conflict at Munich. All too few people have taken the pains to take a hard look at my real efforts in the area of local government and to try to categorize them within the much too simplistic framework of Right and Left. The things that distinguish Munich today--a mass transit system that relegates cars to a second-rank priority in inner-city traffic, a pedestrian area designed with the same thought in mind--, the fight for more equitable land use legislation and much more--these were certainly anything but typical "right-wing" positions. This can also be said for other things that I achieved in spite of the Munich conflict. This conflict [with the Jusos and the party's left wing] did, to be sure, lead to a certain labelling over the course of the years. Yet the longer I live, the more I'm prepared to look upon my political activity as a continuum.

[Question] Have you changed or have you had something like a reawakening or have you just been riding with the tide?

[Answer] That's all a little too simplistic. Have I just ridden with the tide? It's natural that I've learned a thing or two. I'm not fond of people who claim to have reached the summit of wisdom at the age of 21 and to have remained on that perch ever since. Of course I've changed. But one doesn't develop a stronger power of persuasion solely from the arguments that one puts forward but mainly from the confidence that one acquires through a lifetime.

[Question] In 1977 you refused to accept a leading role in the Bavarian SPD Land organization, pointing out the dogmatic ideological tendency within the SPD and splintering of the party into individual groups as your reasons. But aren't you now taking over a party, not as its chairman, of course, but as its chancellor candidate, that also tends toward dogmatism, a party that threatens to break up into splinter groups?

[Answer] My statement in 1977 was made under the impact of the experiences in Munich and, looking back on it today, it was not incorrect. Of course there are differences of opinion today and there are different answers that can be made to any question; I have no intention of trying to gloss over this. But ideological dogmatism doesn't play a significant role any longer.

[Question] At the moment you have the advantage of being the candidate of a party that gives the impression of standing with relatively closed ranks. Yet this cohesion is the result of the party's being forced out of office. Aren't you concerned that the old internal tensions within the SPD will surface once again after the shock of the change has worn off?

[Answer] The solidarity of the party has been strengthened and has grown since the events of 30 August. In these past weeks the party has had to go through a process of learning and evaluation. These experiences are not going suddenly to be cast off and discarded. In that sense I don't feel that in the near future we're going to be in a situation such as we found ourselves during 1981, then even more so than this year.

[Question] In 1977 Nina Grunenberg wrote in DIE ZEIT an article: "The SPD's Future as a Minority Party Indicated by Events in Munich." Is this prophecy about to come true in your case?

[Answer] Nina Grunenberg has just not kept abreast of developments; with the last Landtag elections in Bavaria there were some surprisingly positive signs. We recaptured six of a total of 10 CDU seats. I don't want to overestimate this since there were a large number of factors at work. But I have observed that many Social Democrats have felt this election result in Munich to be encouraging.

[Question] At the moment the SPD is in a worse situation than ever before. It has lost its reputation as a local government party everywhere except in the Ruhr. In the Laender it is firmly entrenched only in North Rhine-Westphalia and in Bremen; in Hamburg and in Hesse the SPD-led governments are on very shaky ground. The foundation on which the SPD was building during the 1960's in its effort to come to power in Bonn, has been eroded. How do you imagine that this can be rebuilt?

[Answer] I happen to have just returned from Munich. The message from Munich is one that indicates to me that this process can be reversed and that if we make a reasonable effort to pull together, progress is altogether possible. I could also mention Freiburg and, in the Ruhr district,--as you said yourself--things look altogether different.

[Question] You came to be the candidate for chancellor under unusual circumstances--or were perhaps condemned to the task. Does the candidate for the chancellorship accept as Social Democratic policy that which comes into being as the outcome of the pulls and tugs of power within the party? Or does he leave his own stamp on Social Democratic policy, its thrust and substance? If this is the case, then how do you intend to impress your stamp on it?

[Answer] I have, of course, exerted my own efforts on this development as far as I've been able to. This holds true not only for the SPD basic values commission but also, if you look back a way, for the position paper "Rescue Our Cities Now!" that I presented as chairman of the Conference of German Cities, a document that I'm still asked questions about. It holds true for the discussion on television with Cardinal Ratzinger, which saw some very basic questions being raised; it holds true for my inaugural address as Lord Mayor

of Berlin; it holds true for my lectures on the problems of the younger generation; for my statements about the future course of the welfare state and the human limits of what is now technically conceivable.

[Answer] What you've mentioned are discussion positions which are certainly very important for the party, but they are not positions which have a decisive weight in governmental activity; budget, defense policy, foreign policy.

[Answer] I see it somewhat differently. Clarity on such issues aids a party even in carrying out the ordinary functions of government.

[Question] Let's take a look down the road. We believe that in 1983 there will be three primary problems heading up discussion among the general public and in politics: first of all, budget financing...

[Answer] Right.

[Question]...second, the employment program...

[Answer] Right.

[Question]...and third, inevitably the question of increased armaments. What is your position on each of these three points?

[Answer] On the budget issue I have two points of view. The one is that we cannot maintain a budget policy which will lead to an increase in the reduction of purchasing power with the consequence that all the stimuli that we would direct elsewhere are going to go down the drain because demand has been diminished.

[Question] What will that mean in concrete terms?

[Answer] In concrete terms it means that we have considered, when we make any budget cuts, what this reduction of demand and shrinkage of purchasing power is going to mean for the future course of things.

As a result--and this is something I've learned from the new administration--I would not be as anxious about new indebtedness as the Union was when it was not yet in power. This is one of those instances where arguments can change their masters, as do dogs when they no longer know where it is that they really belong. What I'm saying is : cutbacks, yes, but not at the price of demand being cut back so rapidly as has already become evident in Berlin with the closing of department stores. In those instances where cutbacks do have to be made, then the point of view of social equity has, for me, a high priority. This country did try, as an experiment, at the initiative of the Union and unfortunately with the support of the other parties, to cut back on the monthly allowance paid to residents of old age home by 40 marks, cutting it from 130 to 90 marks per month, without there having been any extended discussion of such a measure outside the mediation committee. Thank God, it was the Social Democrats who made the initiative to reverse the measure. The same government has now, both before and since 1 October, been stumbling over

the question of whether it might be able to tap higher income persons for more funds and, if such a move were to be approved, whether it might not have to pay them back. This is a bad sort of contradiction.

[Question] On the issue of employment measures.

[Answer] On the issue of employment programs, all politicians would be well advised to tell the people, without any tactical reservations, that part of the difficulties that we face on this sector stem from causes over which we have little or no influence.

If, in 1981, we have to pay 50 billion marks more to import a quantity of oil that was 10 percent less than that imported in 1973, then this money is simply gone and there is no trick that will conjure it back. This is what the people must be told.

If almost 25 percent of our national product is derived from imports and exports and if other countries undertake a higher monetary devaluation, far higher than our own, then this is going to find its way back to us over many different routes. This has got to be said.

If the United States is going to continue to pay interest of up to 13 and 14 percent on borrowings to cover a deficit in their federal budget of 350 billion marks for this year alone, then this is going to impact upon the movement of credit. Certainly the Bundesbank can effect some movement with respect to our own interest rates. But a volume on the order of 350 billion marks is a fact for the international money market that simply cannot be brushed aside.

[Question] Is that to be interpreted as a plea for doing nothing?

[Answer] Now DIE ZEIT is growing impatient--and that's a contradiction in terms.

That's the first thing that has to be said, and this is what I do at every party rally, because I simply think it dishonest to create the impression among the people that this person or the other ought to be elected and be left to do what has to be done and that then everything is going to be fine.

The second is that the state and other public institutions have got to exercise their share of responsibility for the job market more vigorously. We have already presented a fair number of proposals toward this end.

And the third is that the jobs which are available and affected by not just the general trend of the economy but also by the addition of persons from heavy birth years, have got to be more fairly and evenly distributed than is now the case. This is why I regard proposals for shortening the work week as constructive, though I would add immediately that a full offsetting of wages will not be possible for reasons that have to do with elementary bookkeeping.

And the last: any policy that seeks to assure jobs and to halt any further rise in unemployment, will have solicit and cultivate the cooperation of the German trade union movement.

[Question] Rearmament is likely to be the most hotly discussed issue over the next few years. Where does Hans-Jochen Vogel stand on that issue?

[Answer] Hans-Jochen Vogel stands by the Munich resolution of April 1982, that was initiated with some help from him as the chairman of the petitions committee, and which was ratified in the final vote by a large majority of the delegates to the party convention, the same resolution that was supported by Helmut Schmidt as well as by many others whose names could also be mentioned.

That's my approach to the problem. And what this means is that we use the weight that we have--and it was greater under Helmut Schmidt than it is under Kohl; and I also have to add, for the sake of the truth, that it was greater under Helmut Schmidt than it could be under me at the beginning--, that we use this weight to undertake everything in our power within our alliance system and through the approaches to the other great world power created through our treaty policy, so that the Geneva negotiations on medium range missiles come to a settlement which will prevent a further continuation of the armaments race.

It seems to me that what is at issue here is not a few armored divisions more or less, however unimportant this might be in another context--at the MBFR negotiations in Vienna. What we're dealing with here are developments through which the danger that mankind might wipe itself out, no longer represents a utopia.

I have been listening very carefully to what the churches have to say on this issue--the Evangelical church in its peace memorandum, the Catholic church, for example through John Paul II or, just recently, by prominent American bishops. And what I have been hearing strengthens my conviction that we must do all that we can to say to our friends in the Alliance as well as to the other world power that touches our borders: Negotiate in all seriousness! Put an end to this race that can lead to the ultimate catastrophe, an end!

[Question] Helmut Schmidt, while chancellor, in the event that the Geneva negotiations did not produce any agreement, was prepared to allow the deployment of the new medium range missiles in the Federal Republic. Have you come to any opinion yet on this issue?

[Answer] At that time Helmut Schmidt was assuming that the United States was seriously committed to negotiations. For that reason the Munich resolution continues to be a right one. It stated there: "The SPD will decide at a regular party convention in 1983 what conclusions it will draw concerning the issue of deployment after examining the status of the negotiations reached by that time."

[Question] What do you perceive your central task to be until 6 March?

[Answer] The central task for all Social Democrats lies in convincing the people that the Social Democrats have better answers, more thoughtful answers, to the questions of international and domestic peace. The other is to convince the people at the same time that the SPD candidate for the chancellorship deserves their confidence.

[Question] Herr Vogel, you once put forward as your motto: "Confront our fears, raise up our hopes." And at the beginning you stated that what mattered to you was to offer the people options that were closer to what really mattered to them through your manner which might be seen as departing from the traditional order of things; you spoke of uniting in reconciliation those elements that have been pulling apart in our polarized political landscape. Do you feel that you can succeed in doing this in the brief time that remains until 6 March? Isn't it more likely, when you look at the political history of the Federal Republic, that there is a kind of Kondratief cycle at work, following from which the parties succeed each other in a cycle of about 15 years and that between these times perhaps no one has a chance to bring about any rapid change? Aren't you, in the end, headed out on a path of self-sacrifice?

[Answer] I can't really accept that image of the wave cycles. The one thing is possible, the other not excluded. I would be speaking counter to my nature and my convictions if I were to say that only the one possibility is realistic. No, both are conceivable.

But let me add this: given all the problems which the Social Democrats have had at times with themselves--as a people's party of the moderate Left they are more strongly predestined for the task of reconciliation.

[Question] Within the party?

[Answer]...and outside the party--and that's where the focus is now.

[Question] Does the personality of the incumbent chancellor Kohl play any role in your calculations?

[Answer] I have offered Herr Kohl a fair contest. I respect him in the way in which he has presented himself. There are enough points on which we differ from each other in background, personality and style. I would like to see the contest conducted with the same fairness as was possible here in Berlin in the spring of 1981 in a very tense situation between Richard von Weizsaecker and myself--though with a different outcome--, namely with the outcome resulting in the Kohl administration remaining a transitional government.

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PARLIAMENTARY ACTIVITY OF BERLIN AL OBSERVED

Munich SUEDEUTSCHE ZEITUNG in German 24 Nov 82 p 3

[Article by Volker Skierka: "Rotating Constantly for the Sake of a Utopia-- Why the Parliamentary Deputies of the AL [Alternative List] Are Having a Hard Time Developing an Image Among A Broader Public"]

[Text] Berlin, November 1982--The people at Kiez in Kruezeberg still know her as their "Rosa Luxemburg of Chamisso Square." "Catholic and staunchly raised in a firm belief in the Lord," she used to fight together with neighbors of hers in citizens' initiatives against exorbitant rents and real estate speculation. When more and more moving vans drove up to haul away the belongings of "untenanted" veteran inhabitants of Kiez, when more and more buildings went to seed, she organized squattings and was a party to innumerable demonstrations. She "would never throw a rock." But she did worm her way into a writeoff company, got hold there of revealing papers about rehabilitation projects in Kruezeberg, saw to it that the plans became known and thus, to the chagrin of West Germans engaged in tax writeoffs, brought about the occupation of a number of buildings. "When things got to be unfair, I've always rebelled," says the 25-year-old Annette Ahme from Kaiserslauten, who came to Berlin via Marburg a few years ago, studied German and French here and worked as a secretary.

In the last elections in Berlin, on 10 May last year, she was one of 7 members of the Alternative List to be elected to the Kruezeberg District Assembly--one of 12 local Berlin parliaments. Actually Annette Ahme was only a substitute on the list of candidates, but with 14.7 of the vote the AL scored such a surprising success that she too got a seat. The SPD and CDU each got 19 seats of the total 45. Since that time there has existed here the so-called "Kruezeberg model" of cooperation between the Social Democrats and the Alternative List. "In the meantime," says Annette Ahme, an SPD-AL policy has been pursued in the district, with the CDU losing out in almost all crucial votes." Whether day care centers, reduced-traffic zones or roads are planned, she says, one now always asks: And what do the citizens affected say about it?

Annette Ahme had "thought it would be easier to switch suddenly from an extraparlimentary opposition to political responsibility. "You suddenly have to know your way around in everything; from fiscal planning to development planning, you have to know how things are administered. And you have

to be able to say something about everything." She has long since ceased to look at her parliamentary activity as "fun and games." And it does happen occasionally that you "have to ignore resolutions of the base and have to explain to a citizen's initiative that there is not enough money in the budget, that the project of another citizens' initiative is more important and therefore should be given preference." Annette Ahme has to make compromises. "If you realize all of a sudden that there is not enough money, you don't follow a hard line and don't adopt an attitude of opposition as a matter of principle."

The full-time job of parliamentarian in the city district, remunerated at only DM 900 or 1,000 a month, and the trouble connected with it have "reduced the pleasure in politics." Annette Ahme says: "The trend is for you even to develop a certain indifference, because the problems are interchangeable and you are not affected yourself, as you used to be in the past." Despite a number of successes, the job is "fantastically hard for one's soul, body and health," with "the cordiality with friends and acquaintances dying in the process." And then there is the "permanent control" by AL members, the so-called "base," to which, on the basis of her "imperative mandate," she constantly has to account. "If you sit in the sun for half an hour, for a change, someone of course passes by and asks, 'I guess you don't have anything else to do?' If you sit in a bar, you are asked before you know it, 'You're drinking up your per diem?'--as if I were getting DM 3,000." She feels she is being constantly evaluated, assessed: "You're being graded every day." The struggle for a better future, a better life, "greater humanity," is accompanied by a "certain inhumanity."

The situation is not very different in the case of business school teacher Peter Sellin, 33, from the neighboring District of Schoeneberg. Sellin represents the Alternative List at the Land parliamentary level as one of nine men and women in the Chamber of Deputies. In the elections last year, the AL, with 90,000 votes, received 7.2 percent of the vote. Since then, four parties have been occupying the parliament benches in the Schoeneberg City Hall. Peter Sellin came to the Green-Alternative movement from education and union activity in the GEW [Education and Science Trade Union] and has been with it from the start--since 1978. At present he is the leader of the deputies and a fiscal and budget expert also enjoying the respect of the other parties. His calendar is full of dates for meetings--sessions of the Chamber of Deputies, committee meetings in the parliament, the AL Council of Delegates, the AL Schoeneberg District Group, membership in various subordinate AL economic and labor market policy groups, and AL membership meetings. In his "free time" he has to read stacks of papers, draft minor interpellations, work out major interpellations and draft speeches in the parliament. "For other ideas, there is no strength left," says Sellin. Of his deputy's income of DM 5,000 gross, he may keep only a skilled worker's wage of DM 1,800 net; the rest goes to the AL.

For personal reasons too Annette Ahme and Peter Sellin are "glad that a rotation will take place next year"--that all deputies of the Alternative List will be replaced by new persons by the end of August 1983, as was confirmed recently in a membership assembly. "Then the parliaments will

get new people to shake up the administration and to irritate it with different methods," Sellin says. His successor will be the commune founder of the 1960's Dieter Kunzelmann, now 43, who in months past was removed from the gallery of the parliament by the police because of numerous disruptive actions.

The "rotation" is a precautionary measure on the part of the AL, which thus wants to prevent their parliamentarians becoming people to make compromises and being bureaucratized by power. But for a start, judging by the reaction, they are causing with this example of "democracy at the base" insecurity among their own voters, quite a number of members, broader public circles and deputies of other parties. Colleagues of Annette Ahme and Peter Sellin admit that it takes 2 years to understand administrative procedures and power structures. Apparently the AL too is increasingly coming to that conclusion. In Sellin's opinion, "the debate about rotation" therefore "is not over." He notes "that the coalition partner has to have a guarantee that the promises given for a legislative period are fulfilled."

Representatives of other parliamentary parties take a definitely positive view of the AL, which already in its election platform "made it the duty of its deputies to observe parliamentary principles." In the opinion of the leader of the SPD in the parliament, Hans-Jochen Vogel, the AL deputies have familiarized themselves with their work and participated actively in parliamentary activity unexpectedly fast." The leader of the CDU deputies, Eberhard Diepgen, heaved a sigh of relief that "fears" that the AL would start "wild things" had "not materialized." And the deputy leader of the FDP deputies, Walter Rasch, thinks the Alternatives have "integrated well into the parliamentary system--even if they don't like to hear people say so."

Yet there are considerable reservations concerning the AL. For one thing, because of the rotation principle, for another because of the AL position concerning the Allies in Berlin, Berlin policy and Germany policy, and finally because of its stand toward the use of force as a means of political confrontation. Though the individual AL deputies make it clear in personal conversation that they reject the use of force, the attitude of the party as a whole is a fuzzy one. In Berlin and Germany policy, the AL demands German reunification without ties to any pacts, and as far as Berlin is concerned, it demands for a start the departure of allied armed forces except for symbolic units, diplomatic missions and "a flagpole."

The AL understands this as a utopian suggestion to think "beyond the objective restraints and overall conditions used as a pretext by the administration." Such utopias, however, result in the AL having a hard time not only in peace policy but in such other fields as economic and social policy, developing an image among the broader public. If the objectives were more concrete, oriented more toward real conditions, the AL would, however, presumably have some problems with the many groupings of which it is composed. The utopia based on a highly moral hard line thus willy-nilly because the smallest common denominator of the Sponti party.

So it is also presumably routine politics that are in the foreground of AL parliamentary work. With their "penetrating questions and references to untoward conditions" Peter Sellin and his eight men and women colleagues managed to gain considerable popularity within a short period. No party has submitted so many minor and major interpellations or requests.

Sometimes the other parties quickly introduce their own requests on the basis of AL initiatives--occasionally merely for the sake of appearances. Enviously the parliamentarians of other parties often have to acknowledge the fact that their AL colleagues have remarkable information at their disposal. Many of their sources are members of administrative authorities or scientific institutes; often they are "old" established "people of '68" who now see a chance of making themselves useful again. The persistent interpellations by the AL parliamentarian and political science professor Martin Jaenicke concerning the price and fiscal policy of the Berlin power company BEWAG [Berlin Electric Power Works Corporation] and his call for getting the attorney general's office to investigate a controversial new power plant have already made the other parties quite nervous and suspicious toward BEWAG.

However, according to FDP politician Rasch and his CDU colleague Diepgen, the AL activism in the political routine often expresses "politics only wedded to the uncompromising demands of those affected directly," with the "overall context and the responsibility toward other interests" often being pushed aside. The leader of the SPD deputies, Vogel, draws on physics to describe the phase in which he thinks the AL finds itself at the moment, saying that its "aggregate state" is "not yet firm" by any means and that it still is in a "state somewhere between gaseous and liquid."

In this respect the election into the parliament came too early for the AL, but, seen from a different point of view, at exactly the right time. "The entry into the Chamber of Deputies saved the AL" is what its own deputies say today, thus confirming a Senat analysis of the year before. Since the Alternative List is not a party which has developed historically like the SPD, it operates on thin ice as a crucible for the malcontent. Owing to a lack of a fairly long term realistic program, it does not have too much substance either. Thus, as some deputies admit openly, its "enmeshment" between voters, members and parliamentarians is also still too loose. An anchoring of the AL in the squatters scene, for example, has not occurred; in fact it is even being met there with open distrust. Nor, by its own admission, has the AL taken root in the labor union and among the workers. But since, as the political scientist and SPD spokesman Wilhelm Wiegrefe notes, the AL is an "expression of political mistakes and omissions of the past" it "will not be possible to remove it even through constant new elections as long as the problems continue to exist."

Shying Away From a Concept

An expression of these mistakes and omissions of the past is the AL membership structure and, in a broader sense, the electorate as well. According to Sellin and his fellow deputies, the AL, now numbering 2,600 members, is composed of members of former sectarian communist bodies, representatives of the old and new left, the citizens' initiative movement and the Sponti

trend as well as many disillusioned SPD comrades, such as Professor Jaenicke. Last year's Senat analysis already concluded that the AL was a "traditionally unorthodox Marxist grouping," which however was "hot ideologically and philosophically motivated." Today, as AL press spokesman Rainer Escher also states, there is something of an "ideological vacuum" in the AL, which he does "not feel impelled to fill." Perhaps this is an explanation of the fact that the AL is shying away from developing a strategic, political concept because it presumably would fall apart as a result of such a debate.

The election of the Alternative List to the parliament had the surprising effect for its representatives that the other parties in the parliament, the press and part of the public "suddenly no longer dismissed" even utopian ideas "as crazy but started at least to deal with them." "And if," says Rita Kantemir, responsible for questions concerning aliens, "one contacts the authorities or also the press and radio and television by identifying oneself as 'Kantemir of the Alternative List in Parliament,' it certainly is more effective than if one can say only, 'This is Mueller of the Citizens' Initiative X.'" To that extent, "the parliament actually still enjoys a certain authority."

In entering the Chamber of Deputies, the AL deputies, however, also found their "worst fears of the processes of parliamentary democracy confirmed." Outwardly it really was "a debating society." Politics actually were being made behind closed doors and by telephone. Their "mumbling policy," they were trying to contrast with as much public action as possible, for example "clearing the thicket of corruption in the Berlin building industry" with "indiscreet information" from the administration.

Relations with deputies of the other parties vary. As for the CDU, there exist considerable fears on both sides of touching one another. In one instance, however, the AL deputies made common cause with the CDU, seeing to it that the dog tax was doubled.

Best are relations with the Social Democrats, whose deputies initiated the AL newcomers at the beginning of the legislative period into the secrets of parliamentary tricks, only to find out later that the nine had learned their lesson well. There are also among the SPD "people who would like to say quite a bit but may not do so because of the prevailing parliamentary party discipline, and then applaud secretly under the table when we submit it," says AL Deputy Michael Wendt, amused. "We have to pay close attention, however," warns Sellin; "often some friendly behavior has a strictly tactical purpose."

What has happened so far in the local Kreuzberg sphere and at the Land level in opposition against a CDU minority government tolerated by part of the FDP makes it appear advisable to the "thinkers" in the AL, beyond routine politics, to have over the longer term a "competing cooperation" between the Green-Alternatives and the SPD. In the Alternative TAGESZEITUNG, the Green-Alternatives Rolf Ascheberg and Peter Brandt are writing these days that this is "the only chance to stop the conservative advance." Whoever

wants to change society "cannot ignore the people dependent on wages organized in the labor unions and supporting the SPD." Such cooperation could not function "without compromises," however. "If Greens and Alternatives refuse the attempt, they reduce their politics to drafting justified demands while proving incapable of...putting them into practice."

In the resistance against such cooperation at the base, among the members, however, lies the uncertainty about the AL perspective. Not only Annette Ahme but Peter Sellin and his fellow deputies have meanwhile experienced deep distrust at membership assemblies. The ambivalent attitude of the AL about the question of the use of force resulting from a meeting attended by 300 AL members is an example of how quickly democracy of the base can deteriorate into the dictate of an interest-directed accidental majority. "I have some doubts," says an AL representative in the Chamber of Deputies, "whether such decisions are in line with the thinking of a majority, with the ideas of our 90,000 voters."

But this also makes apparent the distance, becoming ever larger with increasing "parliamentarization," between "established" representatives and the "foot soldiers" of the AL. In an interview with TAGESZEITUNG AL member Ernst Hoplitschek criticized: "A militant style of distrust has developed toward representatives of our own.... It is almost inhuman what is being demanded of them round the clock in accordance with the democratic-base demand." The AL parliamentary representatives respond to this with a unanimous sigh of "yes", saying that the Alternative scene with its clothing, language and behavioral norms has now developed its own intolerance and philistinism.

8790

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GREMETZ ON SOLIDARITY WITH LATIN AMERICA; U.S. POLICIES

Paris L'HUMANITE in French 29 Nov 82 p 7

[Commentary by Maxime Gremetz, member of the Politburo and secretary of the Central Committee of the PCF, at the conclusion of a one-day study meeting of members of the foreign policy section of the Central Committee on Latin America; in Paris, 28 November 1982]

[Text] Mr Reagan has the nerve to congratulate himself, Maxime Gremetz continued, on improving human rights in Guatemala and Salvador, whereas patriots are being assassinated there daily. Washington is conducting a policy that is "the very negation of human rights...stirring up tensions, using Honduras against the victorious revolutions and the peoples of the region, brandishing threats, accentuating his ideological warfare."

The Bankruptcy of the North American Model

But "no longer does imperialism do what it wants, as it formerly did, and especially not in the way it wants to do it." The North American influence is on the decline in Latin America, many peoples and very diverse governments are demanding a new economic order.

"The peoples of the continent aspire to controlling the conditions of their development, against being plundered by the multinationals, against the International Monetary Fund and its dictates of austerity. The 'economic model' proposed by the United States in Latin America has gone bankrupt. Latin America's crisis is one of dependency, inequality and injustice.

"...Obviously our party is following with the greatest interest all of the democratic evolutions on that continent. Of course, some are still fragile. They were obtained, under pressure by the popular masses, at the price of bitter class struggles, in Surinam, in Argentina, in Colombia, in Venezuela. In Bolivia, the legitimate Democratic and Popular Unity government, with communist participation, the result of universal suffrage, was imposed by means of labor strikes and popular demonstrations."

In Brazil, a country of 130 million inhabitants, the dictatorship was forced into a certain openness: "The general elections have just shown, despite an intentionally unjust and complicated electoral system, that the democratic opposition in reality represents the majority of the country. It won important successes in the most industrial, working and popular states.

"Governments like those of Argentina, Colombia or even Venezuela are turning increasingly toward the movement of the non-aligned countries. The latter, presided over by Fidel Castro, is playing a positive role at the international level and has thus gained great prestige in Latin America."

Reagan's Fears

"...American imperialism's strategy is clear. It is strengthening its aggressiveness and utilizing all means to maintain its domination over this continent it considers its own private hunting ground.

"Reagan's trip, his stopover in Honduras, which was decided on at the last minute, bear witness to his fear in the face of the resistance of the peoples and certain governments of the region.

"He is attempting to contain the profound aspirations being expressed ever more vigorously and, if possible, to win back some lost positions. But all over Latin America, in the greatest diversity of ways and forms of fighting, the anti-imperialist movement for national, social and human liberation is growing. It is registering considerable success. At the same time, Mr Reagan in his own country must face a movement of opinion that is being forcefully expressed, against an adventurist policy of intervention in Latin America. The Vietnam syndrome is very much in evidence. Witness to it are the recent polls indicating that 70 percent of Americans reject the idea of any interventionism."

Our Solidarity

"Always positioning itself at the side of peoples who are fighting for their national independence, their freedom, democracy, social justice and peace, the French Communist Party is in active solidarity with the peoples of Latin America, especially those of Central America and the Caribbean, who are in the first line of anti-imperialist combat on that continent.

"Our solidarity goes to the Cuban revolution, which is building an original socialism at the gates of the most powerful of imperialisms; in free and Sandinist Nicaragua, destabilization of which has become the priority objective of the imperialist strategy in Central America.

"It goes to the heroic people of El Salvador and their representative, the FDR-FMLN [expansion unknown], to the Guatemalan revolutionary fighters who are advancing along the road to unity.

"Our solidarity goes to all who are fighting, under diverse conditions, to defend or to win freedom, social justice and dignity. In a word, to all who are fighting for human rights.

"...We appreciate the serious and responsible proposals of governments with different political orientations, such as Cuba, Mexico, Nicaragua, Venezuela, Grenada and the FDR-FMLN in Salvador.

"Those proposals constitute a serious basis for negotiation, because they involve the cessation of interference in the affairs of other peoples, respect

for the right of every people and every state to decide freely and with sovereignty its own orientations and the means toward its security."

For French Initiatives

"These peace proposals deserve to be widely supported. We will act without respite so that they may be taken into consideration. France, in the spirit of the Franco-Mexican declaration, can and must take the initiative toward making a peaceful solution to the conflicts in this region prevail. It is in the interest of the peoples concerned, it is in the interest of world peace.

"The majority of the men, women and children in these countries are going through a dramatic situation. The painful reality of hunger, poverty, illiteracy that affect so many people is absolutely unacceptable. The law of the dollar that the US wants to dictate in the international organizations to impose still more austerity, still more poverty on peoples who are already so badly hit by underdevelopment, is intolerable.

"This is why to act with the peoples of these countries to advance on the road to a new international order is a big task at the present time. We are contributing our share to what France is furthering everywhere it finds itself, that requirement--this is what it did at Cancun. What are needed now are concrete measures in that direction..."

8946

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'PANAGOULIS MOVEMENT' ALLEGED WITHIN PASOK

Athens I VRADYNI in Greek 22 Nov 82 pp 1, 5

/Excerpts/ A new movement, headed by Mr Stathis Panagoulis, the deputy ousted from PASOK, is in the process of being set up within the ideological and political ground of Mr Papandreou's movement. In accordance with completely verified information of I VRADYNI, in this movement, which has caused serious worries in PASOK's leadership, there are former deputies of the Movement, nomarchs, mayors, dissatisfied PASOK cadres, as well as old cadres of the Center Union and EDIN /Greek Democratic Youth/.

It is, moreover, considered certain that another six to seven PASOK deputies known for their strong ties to Mr Panagoulis will shortly join the movement.

Even though strict secrecy is being maintained around the new movement, it has become known that former PASOK deputies, Messrs Io. Zafeiropoulos (Second District of Athens) and Ang. Perdikouris (Piraeus), as well as Mr Vas. Papadopoulos (former deputy of Ileia), the present nomarch of Piraeus, are playing a leading role in trying to set up and expand the movement throughout Greece and to include as great a spectrum of the popular masses as possible.

Among the protagonists in the provinces is Mr Io. Klonizakis, the present mayor of Krania.

Also taking part in the initial efforts is Mr Nik. Nikolaidis, a former prominent EDIK /Democratic Center Union/ cadre who for a 4-year period was the liaison of Georgios Papandreou with the youth of the Center Union and who had been praised especially by the "old man" and leading circles of the Center.

It is not known if the three deputies ousted from PASOK, namely Messrs A. Bouloukos, D. Khondrokoukis and G. Petsos, are going to join the Panagoulis movement, and it appears that they will await other developments before deciding on their future. It is, however, very possible, if these developments do not come about, that they will join the new movement and to work in common for its consolidation and expansion.

The Movement is a Fact

However, according to completely reliable information both in the circles that encompasses its collaborators in Athens as well as in the provinces, the Panagoulis movement is a fact.

On the basis of this information that must be considered as completely reliable, following Panagoulis' resignation a flood of telephone calls, telegrams and letters daily inundated his political office in which he was urged to continue his fight and criticism against PASOK.

The exhortations that are coming mainly from old PASOK and EDIN-EK [Center Union] cadres aim at having Mr Panagoulis consent to becoming a political factor who would initially be joined by all those who are disappointed with the PASOK government policy and who continue to believe in its ideological principles as they were proclaimed on 3 September 1974 and later.

Nevertheless, despite all pressures, Mr Panagoulis and his colleagues are not disposed to confirm their movement, if they do not first secure that substructure that would guarantee its success.

It is a fact, however, that Mr Panagoulis and his colleagues are working day and night throughout Greece and that, according to our estimates, the official announcement of the movement will come about shortly.

The Protagonists

On the Panagoulis movement's staff are persons who have left their mark on PASOK's organizational development and before that on PAK [Panhellenic Liberation Movement] (during the dictatorship) and EDIN, the well-known youth movement of the Center Union.

A leading cadre of the staff is said to be Mr Nikos Nikolaidis. He is considered as an internationally known economist who, together with Mr Lazaris, was a close colleague of Mr A. Papandreou in the Bank of Greece and the Center for Economic Research, immediately after the arrival of the present prime minister from America and his establishment in Greece.

Other members of Mr Panagoulis' staff are the following:

- Mr Vasileios Papadopoulos, lawyer and former nomarch of Piraeus. Mr Papadopoulos was a PASOK deputy from Ileia between 1977 and 1981.
- Mr Ioannis Zafeiropoulos (Second District of Athens), former PASOK deputy, who was not only a successful deputy of the movement but also a first class organizational cadre, especially during the 1974-1977 period when he was a member of the organizational committee and exclusively responsible for certain regions of the country considered "sensitive" for PASOK.

- Mr Angelos Perdikouris, former PASOK deputy from Piraeus (1977-1981), a doctor and veteran cadre of the EDIN.

- Mr Io. Klonizakis, present mayor of Khania, an engineer, known for his resistance activities (he had been sentenced to 24 years imprisonment for taking part in the attempt on G. Papadopoulos' life.)

- Six PASOK deputies, some of whom were in the resistance movement, who will express themselves when conditions warrant it.

Besides these staff cadres, there are another 270 cadres who are working on branch and regional levels, as well as in local administrations and in trade union organizations.

Included among them is Giannis Barbagoulas, construction work contractor, who was responsible for Center Union demonstrations between 1963 and 1967. He was elected first municipal councilor of Khaidarion during the 1982 municipal elections.

- Kostas Xydis, trade unionist in the IKA [Social Insurance Foundation] and a veteran EDIN cadre.

- Georgios Andresamis, trade unionist in the DEI [Public Power Corporation] and member of the administrative board of the GENOP [expansion unknown]-DEI.

- Georgios Andrikis, agriculturist, regional cadre of the Center Union in Fthiotis, close associate of Stathis Panagoulis during the dictatorship.

- Panagiotis Kalos, economist, PASOK cadre with unusually successful activity in Aitolokarnania.

- Kostas Triaridis, doctor, PASOK cadre and first in his group from Kilkis in 1974. Veteran EDIN cadre. A resistance member who had been exiled, he has close ties with and is a colleague of Aleko Panagoulis.

- Theodoros Tzitzifas, industrialist, veteran EK-EDIN cadre in Xanthi.

- Nikos Lekanidis, resistance member with much activity in EDIN.

Ideology

The Panagoulis movement, that promises to work through democratic procedures, extends, according to the opinion of its cadres, "from the liberal antimonopolistic Right to the non-communist Left. And it is not identified with Andreas' nebulous visions about the rallying of the underprivileged Greeks."

What stands out at this time --according to the Panagoulis movement-- is the alliance of all those forces that believe in change for one and only purpose: the salvation of democracy that is being threatened by loudmouthed, and up to

now unimplemented, slogans that Mr Papandreou proclaimed during the pre-election battle so as to mislead the voters.

All those who know well the ideological orientation of the Panagoulis group maintain that there is no ideological break between it and PASOK but only a political break with the government.

Where there is a complete break, i.e. with both PASOK and the government, is with the moral aspect. This is so because in the party, operations have degenerated into a bureaucratic rubber-stamping by Mr Papandreou and the leadership group.

When the Panagoulis movement is officially announced it is expected that the PASOK leadership and government will be accused of the following:

1. It has significantly turned away from the pre-electoral proclamations and decisions of the central organs of the movement that talked about popular democratic unity in the practice of authority and realization of change which have now led not to a rallying of the people but to their division and to discrimination against both PASOK and non-PASOK followers.
2. It is incapable of formulating and implementing a genuine government program. According to the Panagoulis movement, there was no government program before the elections. What PASOK showed the people --and it misled the people at this point, giving the impression that it was a question of a program-- was just a government announcement.
3. It creates a vast moral problem because contrary to socialist morals it promotes governmental autarchy and remains inconsistent before the highhandedness of certain cadres of the movement who have given the impression that they are the party bosses. Not unrelated to this is the fact that many thoroughbred and unadulterated PASOK socialists have as their slogan, not the pre-electoral slogan of "PASOK in the government, the people in power," but the slogan "PASOK in the government, the party bosses in power."

5671

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EXPECTATIONS FOR, PROSPECTS OF NEW GOVERNMENT ASSESSED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 4 Dec 82 supplement p 3

[Article by Walter Haubrich: "All Switches Set for the Future. The New Spanish Government's Reform Plans Find Broad Support"]

[Text] The bureaucrats are trembling in Madrid's ministries. Pale with fear, they stare at the doors of the quiet offices, for at any moment a man could enter, whom they refer to with a mixture of irritation, fear and respect--"the Guerra." A matador's name, which translates as "war." The man, whom political cartoonists depict sometimes with a whip, sometimes with an axe in his hand, is Alfonso Guerra, the deputy secretary general of the newly incumbent Spanish Socialist Workers Party. It was he who told the Spaniards with his customary directness, shortly after the last elections brought his party a large majority, that under the new socialist government hard work would be demanded and that all government officials would have to be at their desks at 8:00 in the morning and be back at work after lunch. This was the real significance of the "Cambio," which they had voted into office on 28 October. The socialists had waged their election campaign under the motto "por el cambio"--for change, transition and innovation. The goal of all change was to be "a Spain that functions," as the new prime minister, Gonzales, announced with elegant simplicity.

This, of course, is going to require more than just bureaucrats who put in a full day's work and the caricatures of bureaucrats comfortably dozing at their desks are certainly exaggerated, as is the image of the second man of the Socialist Party as an avenging angel bearing a fiery sword. This is Alfonso Guerra, an intellectual possessed of a keen mind, highly articulate and sometimes given to biting sarcasm, though he can be both ingratiating and charming in one-to-one encounters. If Spain does not function as well as other countries, if its productivity is less, then the reasons are surely to be found mainly in its "corruptela," the petty corruption that is usually more the evidence of friendship and indolence than of cheating or deliberate graft. Every Spaniard has hundreds of friends, and helping a friend, finding him a job that doesn't require him to work, overlooking his shortcomings, giving him preference over more highly qualified applicants--this is still a part of the unquestioned code of honor that governs Spanish friendship. Nor does the friend have to be more than someone you meet now and then at the cafe or recommended by another friend or a relative. Many

jobs are still held by two people: by one who does the work and by another who has been "recommended"--by the brother-in-law of a friend of the department head. The possibility that more could be gained through efficiency than through connections is still something that most Spaniards simply do not accept and they feel this skepticism to be backed up by their experience.

What is it that gives the people of the Socialist Party the firm conviction that they can uproot an ancient arch-evil of Spanish society? An absolute majority in both houses of the Parliament is definitely a very useful weapon, yet power in the country does not lie with the Parliament alone. The confidence which the majority of Spaniards seem to have reposed in the new administration and its party can quickly disappear if private interests become encroached upon. The fact that the Spanish Socialist Workers Party records a history almost untouched by affairs, scandals or corruption and that their "hundred years of honesty" is disputed by almost no one, is more evidence of their good intentions than it is of their capabilities. The few years, though certainly difficult ones during the Second Republic and the Civil War, when the party did play a role in determining policy, were years of radical transition and self-destructive internal party strife. Today, the same party presents an image of a cohesive political force, very moderate in its goals and methods and with a leadership figure of undisputed charisma.

Anyone who has visited Spain in recent weeks, after having been away for any longer time, must be surprised to find Spaniards discussing politics once again, and doing it almost constantly and on every street corner. The much talked about "desencanto"--disenchantment or sobering--seems almost to have conjured itself off the scene. One has the feeling of being transported back to the first years after the death of Franco, when most Spaniards were expecting that their new democratic constitution would be the answer to all their problems, only to be promptly disappointed. The bewildering enthusiasm that greeted the election of one party and the many new hopes that have been reposed in the new administration, could be turned around quickly into equally great disillusion. Yet, even in Spain, faith and hope cannot move mountains and most certainly not if these rocky barriers are compounded of millions of unemployed, large enterprises on the verge of bankruptcy, steadily rising foreign indebtedness and a rapidly growing budget deficit. It would be hard to find rational arguments for the view that the new people in the administration and in the Parliament will have any easier time of it than their predecessors in dealing with the two chronic plagues of the young democracy: separatist terrorism and the fondness of a part of the military to armed overthrow of the country's constitutional institutions.

The new political leaders in Madrid can count on considerable good will, even a readiness on the part of individuals to make sacrifices. Though they may be exceptions to the general rule, the fact that wives of Spaniards who now hold jobs have spontaneously offered to give up their own jobs if, in this way, at least one person in a jobless family can obtain employment, such demonstrations are at least evidence of the idealism which quickly takes hold of Spaniards when they believe firmly

in a cause. Fortunately for the Spaniards, they are an optimistic people who place little stock in fatalistic surrender to their fate or nostalgic looks back to the past.

That the waves of enthusiasm and support can quickly ebb away once again, is something that the new people surrounding Felipe Gonzalez and Alfonso Guerra are aware of. Promised reforms have got to become visible soon. Spectacular changes, which could have long-range negative consequences for the entire population and for the country's economic development, have been put on the shelf. Spain's socialists want to avoid the mistakes made by their French comrades immediately after their accession to power. In the economic and social sectors, at least at first, there will be few changes. Nationalization of industry and trade is something that Spain cannot afford in its present economic situation. The new government and the new parliamentary majority propose instead to start with reforms that will cost little money. Their reform policy is to make itself felt first in the administration of justice, in the bureaucracy and in cultural affairs. The Spanish penal code needs to be modified to conform to the structure of modern society; the previous Democratic Center (UCD) government was unable to give legal force to all guarantees of personal liberties, though they did do a great deal in the few years following the end of the Franco dictatorship. The prisons are overcrowded, with prisoners subject to harassment by gangs which are able to exercise their brutish power even behind prison walls. There has even come some degree of cautious support for the new administration from the prisons themselves; prisoners in the country's largest penitentiaries broke off their hunger strike.

There are proposals to make public administration more flexible. In the future, it will be possible to transfer civil servants from one ministry to another, something that had not been possible earlier. Civil servants themselves, as well as governmental functions, are to be transferred to the administrations created for the newly established autonomous districts. Madrid is no longer to be the country's hydrocephalic nerve center. Many bureaucrats will, of course, raise loud protests against being transferred to the provinces. Neither are civil servants to be allowed to hold down a second job after working hours and, most definitely, not when they are supposed to be at their desks in the service of the state. "What we need in Spain today is a good dose of Prussianism," was the observation recently by a leading figure in the Socialist Party; "something of the Prussian spirit has to be infused into our administration. We all of us have got to feel ourselves more committed to the common good, to the state." There are many Spaniards who are something less than cheerful when they call Alfonso Guerra the Prussian from Seville.

Even more so than in the ministries, there are people who are waiting—some of them anxiously, others with high hopes—for change, transition and innovation in the country's hospitals. The socialists intend to move ahead vigorously with reform of the health insurance system which owns most of the larger hospitals and clinics. They are not against private medical practice but are aiming instead to put an end to the widespread practice indulged in by physicians paid from medical insurance funds, of practically ignoring

their insurance patients and of reserving for their private patients hospital beds and facilities intended for patients whose bills are met by the health insurance system. The involvement of broad strata of the population in the country's cultural life was instituted even during the previous administration and was supported by larger towns and cities. The new minister of culture, Solana, a professor of physics, hopes to bring books and theatrical performances even into the most remote villages.

One promise made by the socialists is going to be especially difficult to fulfill: they want to create 800,000 new jobs over the next 4 years without any major encumbrance of the national budget. Although no one really believes that such a goal can be attained, some of their proposals could be undertaken. As an initial impulse, certain large-scale projects by state-owned enterprises are to be assisted--projects which could create contracts for private subsidiary industries. More favorable terms are to be instituted for investments by smaller and medium-sized firms: low-cost loans and the possibility of offering temporary employment contracts to workers, a move which had not been possible earlier. An intensified program of support for applied technology is intended to make new technologies available to smaller enterprises. The introduction of a value added tax, which was a requirement for admission to the European Community, and sharper measures aimed at Spain's widespread tax evasion would also create substantial revenues for the state's coffers.

Private enterprise does not appear to be especially frightened of the new socialist government. Many heads of larger firms have expressed their support for the new administration's economic program, assuming that this program will be held to. The nomination of Miguel Boyer as minister of economics was certainly also a concession to private enterprise. In response to the accusation made by the party's Left wing that Boyer was planning to institute a rightist economic policy with the votes of the Left, the minister of economics and finance responded calmly: "If we carry out this policy of the earlier administrations, which stood much further to the Right, better than they did, meaning well, we will already have achieved a great deal."

The new administration has inherited a heavy burden with the country's economic situation. There can be little hope for aid from abroad. In political terms, the Gonzalez administration is in far better shape. It has a safe parliamentary majority and the confidence of many liberal, non-socialist Spaniards. While there is no liberal party in Spain that merits being taken seriously, there are a good number of middle class voters of liberal sympathies. Most of them voted this time for the Spanish Socialist Workers Party, which seemed to them--and this is definitely unusual--to offer the best assurance for the preservation of personal liberties and the democratic system. The party's struggle against the dictatorship and the moderation of its present leadership--along with the absence of a liberal party--may have been responsible for this. Manuel Fraga, leader of the large conservative Popular Alliance (AP) opposition party, was not stingy with words of praise for the abilities and good intentions of Felipe Gonzalez and Alfonso Guerra.

Fraga anticipates that the socialists will fall, possibly even before the end of this legislative period. No one denies the opposition leader's right to this opinion. Fraga expects to see resistance from the socialist rank-and-file and from the party's leftist "non-social democrat" wing to the administration's moderate course and he regards these young people--almost all cabinet ministers are between 34 and 43 years old--as too inexperienced, seeing them as lacking precise knowledge of the workings of the complex Spanish administrative machinery. For Gonzalez and Guerra, Fraga will represent an opponent to be taken very seriously. He can do a great service to the future of Spanish democracy if he succeeds in integrating the extreme Right into the democratic system.

The leader of the strongest extreme Right group, Blas Pinar, dissolved his party on 20 November, the seventh anniversary of Franco's death, accusing the Spanish people and particularly the army, business and the church of having abandoned him, the only authentic leader of the true and eternal Spain. Many of the Popular Alliance's candidates were also talking in the same vein as Pinar during the campaign, who, as leader of the old Franco followers, with their Falangist moustaches, their attire and mannerisms seemed like ghosts from a not so distant past.

A good dozen of them would like nothing better than to be ministers in a government headed by Tejero and Milans del Bosch, both of them sentenced recently to 30 years imprisonment for their part in an attempted putsch. This is the opinion of a cabinet minister of the previous administration who claims to know these men well. For Fraga, these aging gentlemen with their pencil moustaches and pomaded hair need be no problem. He will probably never allow them to make themselves heard.

There are definitely Spaniards who regard the "cambio," which represents actually no very great change, with uneasiness and concern: many of them because they anticipate something like the fall of Western civilization under a leftist government, by which they usually mean their own small and cozy world; others, because they feel that the long dominant forces in their country--the traditional great families, the so-called "real powers" of the army, the church and big business--would sabotage from the outset even the most timid attempts at reform. Still, there are no signs of such sinister intentions at work. The great majority of Spaniards believes that many things must change. They are aware that a whole series of European reform movements has not yet affected their country; this is one of the reasons for their inferiority complex vis-a-vis other European peoples.

Nonetheless, it remains surprising why so many people expect so much from this administration and this party. Was it not a quite commonplace change of governments once the opposition party had won the elections? Yet in Spain this has a greater significance: now, only a few short years after the death of the dictator Franco, a party is in power which had been persecuted for four decades, which had lost the Civil War, a party which--apart from a few difficult years in the Republic and during the Civil War--had never been allowed to have a say in the governance of Spain. Seen this way, the "Cambio 1982" is an historic landmark and will be regarded

as the second, perhaps decisive, phase of the transition from the dictatorship to democracy.

Many Spaniards feel themselves drawn to the country's new socialist leaders, not because they are themselves socialists, but because these men stem from the same social classes that most Spaniards themselves belong to. Certainly what accounts for this surprising down payment of confidence is the character of Felipe Gonzalez himself. The great majority of Spaniards, as confirmed by opinion polls, regard him as both the most capable and the most honest of their politicians. Gonzalez has succeeded in causing many Spaniards to identify with him as the modest and attractive young man of plain background; they are, in fact, even proud of him.

Many speculations have been raised with regard to the team of Gonzalez and Guerra at the summit of their party and now of the government. One thing is certain: there are very few political differences of opinion between them. Guerra is the astute analyst and untiring organizer; Gonzalez has the talent for expressing complicated issues in simple form without falsifying them. "When you're dealing with us, it's as if you were in a restaurant," said Alfonso Guerra, "I stand in the kitchen and fix the meals, Felipe adds some spice to them, which only he knows how to do, and he serves up the final courses." Felipe Gonzalez is certainly one of two cooks and not just the friendly waiter. It will soon be seen whether the Spaniards are prepared to make this new socialist restaurant their regular haunt for the next 4 years.

9878

CSO: 3620/118

CDU/CSU/FDP PLAN CHANGE IN ALTERNATIVE SERVICE REGULATIONS

Zurich NEUE ZUERCHER ZEITUNG in German 28/29 Nov 82 p 2

[Article by R.M.: "New Regulation for German Civilian Service"]

[Text] Bonn, 26 November--Compared to Switzerland, military service in the FRG can be refused for reasons of conscience and it can be replaced with civilian service. Discussions about the types of alternate service, however, have been going on publicly for many years, particularly between the parties, and to date they have been more or less futile. The continuous controversy, which erupts every few months in the media and the appropriate committees, is primarily centered around two issues: first, the procedure of approbation to be used for objectors to military service and, second, the length of civilian service.

Intervention by the Federal Constitutional Court

With respect to the procedure of approbation, in 1977 the SPD/FDP coalition adopted an extremely generous solution; Accordingly, a person subject to military service only needed to make a simple statement, which contained his choice between service in the Federal Armed Forces or civilian service. In 1978, this so-called "postcard regulation," which resulted in an enormous increase in the number of objectors to military service, was suspended by the Federal Constitutional Court on the grounds that it was not compatible with the Basic Law. As it were, the old oral examination procedure was reinstated as a provisional arrangement for objectors to military service. Particularly the SPD and the FDP criticized this oral examination as an unsuitable procedure for determining a decision of conscience. Nevertheless, for various reasons--in part due to the internal disunity, in part due to a Union majority in the Bundesrat--they were not able to implement modified regulations while in power.

Following the change of government in Bonn, however, the new coalition partners, the FDP and the CDU/CSU, came to an amazingly fast agreement on a common solution to the long-term problem; in view of the solid majority conditions for the Kohl government in both parliamentary chambers, the prospects are very good that it will be adopted before the scheduled Bundestag elections next March. The liberal-conservative coalition is proposing the abolition of the current oral examination of conscience in favor of a

lengthy written declaration by objectors to military service. Nevertheless, if the civil service authority should question the truthfulness of this declaration, it can insist on an oral interview. The latter regulation is being rejected by the SPD as a hidden extension of the distasteful examination of conscience. But the opposition cannot offer a completely satisfactory alternative either; at least, the categorical rejection on an oral interview is no answer to the question as to how the apparent abuses in the written procedure for reasons of objections can be corrected.

Government and opposition proposals on the length of civilian service are not quite so far apart. According to the FDP and CDU/CSU draft, the time spent in civilian service is to exceed military service by one-third; at the present time, the normal military service lasts 15 months. Accordingly, civilian service would last 20 months. (In case the basic period for military service in the Federal Armed Forces is to be expanded to 18 months--something that is being planned due to the expected acute lack of recruits during the next few years--it would automatically imply an extension of civilian service to 24 months.) The SPD, on the other hand, wants to establish the length of civilian service at 19 months.

Unconstitutional Length

A segment of the German public, however, is denouncing government as well as opposition proposals, calling them massive violations of the constitution. The critics are referring to article 12a of the Basic Law, which states succinctly and conclusively: "The length of alternate service must not exceed the length of military service." On the other hand, there is still a great deal of controversy as to how this military service is to be computed. Critics of longer civilian service argue that as a rule a draftee spends about 15 months in the Federal Armed Forces; proponents of a more stringent civilian-service regulation, however, claim that military service, including all incidentals, could theoretically extend to 24 months.

Be that as it may, the parties in power--particularly the CDU/CSU--are not hiding the fact that they consider a significant extension of civilian service, when compared to the normal service in the Federal Armed Forces, a kind of credibility test which is to separate those who refuse military service for genuine reasons of conscience from mere draft dodgers. At any rate, during the last few years the number of objectors to military service increased significantly, which to some extent also alarmed the SPD as the party in power. As a result of this increase, the more complicated past and present examination procedure and the limited availability of civilian service opportunities, tens of thousands of young FRG citizens are waiting to be classified as objectors to military service or waiting for a concrete assignment in order to complete their civilian service obligation. Only time will tell whether the proposed expansion of alternate service from its current 16 to 20 months will have a noticeable influence on the future number of objectors to military service.

TRADE-OFFS FOR U.S. BASES SUGGESTED

Athens TO VIMA TIS KYRIAKIS in Greek 28 Nov 82 p 5

/Article by Prof Nik. Gazis: "Bases, But With What Trade-Offs?"

/Excerpts The bases issue, regardless of whether it is represented as being Greek-American in nature, is, in essence, a Greek-NATO one and the way it will be settled is also of direct interest to the Arab World which we cannot ignore.

The intertwining of the above issues increases the difficulty in finding a separate solution for each one of them. For that reason, and in connection with the bases issue that recently has been talked about as being settled separately, we must examine if and to what extent it is possible that its solution by itself will have repercussions on other vital issues of our foreign policy.

3. In this respect, it is necessary to make one point: namely, that the international interest --small or large-- that Greece represents is due mainly to its geographic location. Consequently, as more and more and very vital bases are granted, under one form or another, to third parties and thus escape from exclusive Greek sovereignty, so does Greece's importance as an international factor diminish further.

Therefore, the problem that we have to face is the following: How can Greece replace, from a national responsibility standpoint, the diminution it would suffer from the loss of exclusive sovereignty on a vital national level, exactly that level that "carries weight" and "counts" on the chessboard of international relations and forces.

The balancing of this loss is indispensable for the support of our defense against unjust claims by third parties.

4. There will, of course, be some serious "compensation" for bases granted, but this cannot be merely material in nature.

A material compensation, without anything added, that will directly and substantially carry weight on the international level, cannot secure our eastern frontiers nor promote the Cyprus question. For that reason it is indispensable to try to have, between now and the signing of the bases agreement, international procedures set into motion that will put an end to two big present threats: the threat against our eastern frontiers and the threat of the extermination of Hellenism on Cyprus.

The first threat might be offset by many ways; the key for all is held by the other party /the United States/. The second threat is removed by the mere implementation of the relative decision of the UN General Assembly and Security Council. The key is again the other party which continues to declare every 2 months that progress is being shown by a non-existent and, so long as the Turkish military occupation continues, an impossible dialogue.

If the threats are not eliminated in time, then the granting of bases will mark a deterioration in our negotiable position on our other national issues.

5. It would not be useless to add that the scrutiny of the issue through the above angle is the only one that could correspond satisfactorily to the demands of Art 28, Par 3 of the constitution and its history (because this article has a long history). As is known, the constitutional committee, in the initial formulation of the Government Plan, added --on the initiative of the the honorable opposition of the time-- unanimously, the stipulation that "the restrictions on the exercise of national sovereignty" must be dictated "by grave national interests," and must be based on the principles of property "and are to be carried out under the condition of reciprocity."

It is evident that these explicit constitutional conditions are not satisfied by simple material trade-offs, so long as these alone are not capable of preventing the above-mentioned serious threats which may become even more serious if we lose exclusive control of the vital area of bases.

The "reciprocity" that the constitution envisages cannot, of course, be fulfilled through the securing of Greek bases on....American soil --no one could visualize anything like that. It could, however, be replaced by something that the other party can well accomplish: namely, to support --rather than hinder, with its myths about progress on the dialogue-- conforming to the decision of the UN organs on the Cyprus issue.

6. Another important point of the agreement over bases is the time limit.

In principle, the government's position is correct, namely that an agreement that concedes sovereign rights cannot but have certain --and, indeed, a limited-- time limit. As to how long this will be will constitute one of the difficult elements of the negotiations.

This is so because in determining any kind of time limit there will always be an element of arbitrariness, and in order to facilitate the concurrence of views on a critical term it would perhaps be necessary, parallel to the specific time limit of the agreement and the specific cases of its premature termination, to seek the agreement of a "clausula rebus sic standibus" /clause as things stand/ that would permit a premature termination of the agreement under certain general conditions.

Thus, in addition to the special cases of premature termination of the agreement which the government appears to have in mind (as, for example, the use of the bases to the detriment of countries friendly to us), there would be another more general condition that would cover cases that cannot be specified as of now. Thus, the agreement would acquire greater flexibility in one of its difficult but important terms.

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CSO; 3521/99

STAY IN POLITICAL, NOT MILITARY ARM OF NATO VIEWED

Athens ELEVTHEROTYPIA in Greek 22 Nov 82 p 4

/Article by Th. Karzis: "'Out of NATO' --Pro and Con"; passages enclosed in slantlines printed in boldface/

/Text/ Following the developments of the past few days and the exacerbation of relations between Greece and the Atlantic Alliance, an immediate "NATO problem" with two unequal sides has been posed for Greece.

Side 1: The government must provide an answer to the de facto created important question "Do we stay or do we not stay in NATO," and if "we do stay," with what conditions?

Side 2: How is the position of the secretary general, namely the formal leader of the alliance, who presents himself as a "Turkophile," being confronted, a position that we would have preferred being "Hellenophile."

Since the inequality of the two sides is evident and since the vast importance of the former practically eliminates the latter, let us clear up the latter in a few words so that we may move on to a careful analysis of the former.

All know and no one doubts that NATO is American-inspired, American-motivated and practically American-maintained. Consequently, it appears very natural that some individual with these same attributes is being promoted in the leadership. Actually, who remembers now, and even if one does remember, who takes into account the nationality or the personal political nature of the NATO secretary general? Who considers Joseph Luns as Dutch and not American? Who formerly considered Manlio Brozio as Italian and not American?

History has shown that each NATO secretary general is nothing other than the mouthpiece of Washington. When, therefore, this mouthpiece has the courage to intervene straightforwardly and mercilessly in the internal affairs of member states it is simply the voice of his master, it is Washington itself that is intervening. We select three of the most recent such interventions:

1. On 11 September, Mr Luns stated that the results of the Dutch elections constitute a "victory for NATO" (press).

2. On 30 September, Mr Luns stated that the European allies "must solve their (?) philosophical differences with the United States" as concerns the European-Soviet pipeline (press).

3. On 9 November, Mr Luns stated that "the results of the Turkish referendum shows that the Turks are satisfied with their regime" (press).

Is it perhaps believed that a certain Mr Luns, put into an important position by the most powerful (perhaps) country in the world could //systematically// behave in such a way without instructions from his superiors? For that reason, let us not become victims of appearances, thinking that we have become entangled with a "Turkophile," while tomorrow some "Hellenophile" might crop up. The poor secretary general, every secretary general, does not say anything more and nothing less than what he is told to say.

And now, let us move to the more important side of the problem: Every participating country in NATO started out //voluntarily// to end up //forcedly.// This was shown for the first time in 1966 when the de Gaulle government decided to have France withdraw from the military arm of the alliance. The reason was that France wanted to create its own military industry, to establish its own nuclear force and implement its own national strategy on a world-wide geopolitical level --as it had a right to do.

Basically, however, there was a big upheaval. Washington reacted convulsively, trying to motivate the other allies against France, refusing the transfer of bases from French soil (because that, it said, was impossible from a practical standpoint) and leading French-American relations to a point of an open break. No one will ever learn exactly how many assassination plots against de Gaulle were frustrated by French police at that time, nor, of course, their connection with the general's decision to make his country free and independent //with all the significance of these words.//

However, since neither France was a Lebanon nor de Gaulle an Allende, the attempts by the Americans remained unaccomplished and the military arm of NATO was deprived of the biggest of its member states, the bases "were dismantled" after a fight that lasted almost a year, while de Gaulle was happy to die peacefully in bed.

Therefore, if we had decided to withdraw from NATO, we would have to be ready //for all the eventualities.// Beyond that, however, withdrawal is not that simple a matter. It also has its political, economic and military aspects.

- Political aspect: Before withdrawing completely from NATO, Greece must seriously take into account that most of the states of its geopolitical area belong to alliances (Turkey, Bulgaria, Romania and Italy), while the two exceptions (Yugoslavia and Albania) do not constitute for it the required political supports. If, therefore, Greece were to cut itself off //politically// from NATO, perhaps from the West too, without //politically// joining the East, it would perhaps find itself in a position much more forward than that permitted by the surrounding objective conditions, in other words without any western

political support (and "western" does not mean only American) and without any eastern obligations. There is no question of a "front" once again with those non-aligned countries near us since both Yugoslavia and Albania are at each other's throats in a worse way than we and Turkey, whereas a "front" with those further away, as, for example, India or Ceylon, that would be altogether platonic in nature.

- Economic aspect: Both economics and politics are always intertwined. Former Prime Minister K. Karamanlis made the //political// act to bring the country into the EEC, thus hoping to bring it out of its //economic// morass. And since the people, with their sometimes keen foresight, once cried out in the streets "EEC and NATO, the same syndicate," nothing until now has intervened to give the lie to that version. The ministers who sit and discuss how much and to whom they are going to give are the same ones who sit at the table of NATO meetings. Why then should they not become stingy vis-a-vis some member state cut off from an organization that directly influences their governments?

As for the filling of the possible economic void by Arab countries, the instability of present conditions does not permit one to seriously rely on such an eventuality.

- Military aspect: Greece, having once and for all as a given fact the danger not "from the north" but "from the east," is obliged to closely follow Turkish rearmament measures. It is from that that the well-known Greek "7:10" demand for American military assistance arose --which, in my opinion, is without any substantive guarantee since it depends on //what kinds of weapons// will be purchased with that money and since //very many markets// exist for making up the armaments. I wonder if Greece were to withdraw from NATO would not benefit militarily since this would release her from the permanent political blackmailing of the "7:10," at the same time opening up a vast field of free movement in the international arms market.

The conclusion from the above is as follows:

- That at the present historic moment Greece would with difficulty withdraw from the political wing of NATO without many repercussions.
- That, contrary to appearances, Greece could withdraw from the military arm of NATO without any danger.

The latter, moreover, is proven both by France's not taking part in the military arm which made her a more powerful nation than ever and also Greece's lack of participation during the 1974-1980 period in which her defense strength increased significantly.

Finally, to certain Hercules' of nationalism who, of course, would have begun "to pluck the hairs of their heads" for our disengagement from the various Rogers' and Lunses (because that too will happen), let them be reminded once again //who and why// got Greece out of the military arm of NATO at one of the most tragic national moments of modern Greece.

5671/CSO: 3521/99

EXAMS FOR CIVIL SERVICE APPOINTMENTS TO BE ABOLISHED

Athens TA NEA in Greek 29 Nov 82 p 1

/Text/ Henceforth appointments to the government, its organizations and banks will be conducted through strict criteria and not through favoritism, in other words "through the door and not through the window."

In a new law being submitted to parliament today, Minister to the Prime Minister Menios Koutsogiorgas --TA NEA had announced this last week-- radically changes the way candidates for appointment are selected, no longer through competitive examinations --or other well-known "procédures" of the rightist governments-- but through a selection system by electronic computer.

In accordance with the new system, the following will occur:

- Every year, all government services, organizations and banks will announce how many employees they want to hire.
- Those interested in being hired will submit a request on specially printed paper giving all necessary data --education, family situation, place of residence, etc.
- The candidates will be classified on the basis of the following criteria:
 1. Kinds of studies of university graduates and grades of high school graduates.
 2. The position of the candidates will be improved according to their financial and family situation (if they have their own family, if they are head of families, etc.), as well as from which region they come and in which area they are willing to serve.

Decentralization

Thus, the criterion of localization, which until now prevented the appointment of employees to their own particular regions, will now be a criterion in favor of the candidates.

As Minister to the Prime Minister Menios Koutsogiorgas said last evening, in this way the government's decision for decentralization and for a balanced development of the country becomes a real fact, as well as for putting an end to the phenomena that created the hydrocephalous situation in the capital with all the well-known unpleasant problems for all.

"It is evident," Mr Koutsogiorgas emphasized, "that with these criteria the government is setting up, the best will be appointed and of these best those who have the greater need. And all of this will be done openly. Every interested individual will know who was appointed and why he possibly was not appointed himself. The data will be facts and each one will be able to check them out."

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CSO; 3521/99

FIRST SPANISH SCIENTIFIC EXPEDITION TO ANTARCTICA

Madrid EL PAIS in Spanish 13 Dec 82 p 29

/Article by Alfonso Jordana/

/Text/ At noon tomorrow, the schooner, "Ides of March," will leave the seaside village of Candas, in Asturias, bound for Punta Arenas in Chilean Tierra del Fuego, where, at the beginning of February, it will begin the first Spanish scientific expedition to Antarctica. The alleged risks of a voyage to the southern latitudes and the characteristics of the ship, until now unknown in Spain, have given rise to a detailed analysis by navy administrative officials who delayed the ship's departure by more than 30 days. But in any case, the original time to be spent by the expedition will be reduced by only 1 week.

The "Ides of March" will have to sail more than 7,000 miles (13,000 km) in the northern and southern parts of the Atlantic Ocean to reach the zero point of the expedition in Punta Arenas. After a stay of 12 hours in Vigo where steps will be taken to check its sails, its main driving force, the schooner will head for Las Palmas de Gran Canaria, the last stop in national territory before beginning to cross the Atlantic. Recife and Rio de Janeiro are the only technical stops planned by Capt Javier Babe on the American continent, places where he will take on a good part of the expeditionary crew, except the group of nine scientists headed by Carlos Palomo Pedraza of the Spanish Institute of Oceanography.

The "Ides of March" will then undergo the most difficult phase of its voyage to Tierra del Fuego, entering the Strait of Magellan at the 53d parallel south and finally arriving within the protective limits of Punta Arenas. On about 7 February, it will round Cape Horn and enter the Antarctic Polar Circle, bound for the Antarctic peninsula where the preliminary work of a scientific nature will begin.

The crew, scientists, motion-picture producers and other members of the expedition are all of Spanish nationality, with ages varying between 34 years and the 70 years of Guillermo Cryns, president of the Spanish Association in the Antarctic and instigator of the project. The crew, comprising seven men, is headed by Capt Javier Babe, aged 33, and Santiago M. Canedo, aged 34, first officer. Both are captains of the merchant marine and members of the shipbuilding and shipowning firm to which the schooner belongs.

Interest in "Krill"

In addition to the scientific crew, a Spanish Navy captain will also travel with the expedition. The "Ides of March" will maintain periodic communication with the navy's general headquarters through its radioelectric services. This will assure continuous contact with the peninsula in keeping with the logistic support the expedition is receiving. Nine scientists, led by the head of the Department of Marine Geology of the Spanish Institute of Oceanography, comprise the team of expeditionary members who are participating in this first Spanish scientific expedition to the Antarctica. Miguel Oliver, director of the company's scientific department and new undersecretary of fishing, informed the United Kingdom and Chile that Carlos Palomo Pedraza would be in charge of the scientific team with the mission of compiling information about the more feasible research work to be carried on during the stay of the Spanish expedition in the Antarctic.

As a result of conversations held with its Chilean and British colleagues, the association decided to carry out a multidisciplinary program which will include the collection of "krill" samples in the Antarctic Ocean to be analyzed later in Spain. In addition, there are plans to stay 1 week on Deception Island where in-depth research will be made of the island's submerged crater, bathed by the waters of the Antarctic Ocean.

Carlos Palomo points out: "A report of our work in the Antarctic will be drawn up and will be distributed to various international scientific organizations." Through this means, the Spanish Association in the Antarctic hopes to enable our country to acquire the status of consulting member in the Antarctic Treaty of which Spain is presently a noncontributing member.

Over the long range, the association does not reject the idea of installing a permanent Spanish base in the Antarctic on behalf of the administration and also of creating the Spanish Antarctic Institute, both of which proposals would signify a definite strengthening of its objectives.

Technical Team

The "Ides of March" has all the security and safety equipment required by the 1974 SOLAS Convention for ships contemplating long international voyages. It has radar extending over ranges of 48 and 32 miles; sounding equipment--instruments for measuring depths over a distance of 1,200 meters--and scheduled alarm system; a radiofacsimile aimed at reading and interpreting meteorological maps; an automatic radiogoniometer whose operation is similar to that used in aerial navigation; and a system of navigation by satellite which will give exact navigational points every 20 minutes in the Antarctic.

In the communications domain, the schooner is carrying medium and shortwave equipment capable of establishing contact with any place in the world, amateur radio equipment with a complete network of connections and a VHF system for communication between ships and ship-to-shore.

With a total length of 32 meters and a displacement of 105 tons, the "Ides of March" bases its developed capacity on the 537 square meters of the surface of its sails which are divided along its three masts, each of which is more than 20 meters high. It also has two 165-hp motors and complete generating equipment in addition to a system of charge generated by the turning of the propellers when the ship is being driven by the sails.

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